

LVMH

MOËT HENNESSY ♦ LOUIS VUITTON

TRANSLATION OF THE FRENCH
FINANCIAL DOCUMENTS

FISCAL YEAR ENDED DECEMBER 31, 2015

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This document is a free translation into English of the original French “Documents financiers - 31 décembre 2015”, hereafter referred to as the “Financial Documents”. It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.

EXECUTIVE AND SUPERVISORY BODIES; STATUTORY AUDITORS

Board of Directors

Bernard Arnault
Chairman and Chief Executive Officer

Pierre Godé
Vice-Chairman

Antonio Belloni
Group Managing Director

Antoine Arnault

Delphine Arnault

Nicolas Bazire

Bernadette Chirac^(a)

Nicholas Clive Worms^(a)

Charles de Croisset^(a)

Diego Della Valle^(a)

Albert Frère^(a)

Marie-Josée Kravis^(a)

Lord Powell of Bayswater

Marie-Laure Sauty de Chalon^(a)

Yves-Thibault de Silguy^(a)

Francesco Trapani

Hubert Védrine^(a)

Advisory Board members

Paolo Bulgari

Patrick Houël

Felix G. Rohatyn

Executive Committee

Bernard Arnault
Chairman and Chief Executive Officer

Antonio Belloni
Group Managing Director

Nicolas Bazire
Development and acquisitions

Michael Burke
Louis Vuitton

Chantal Gaemperle
Human Resources and Synergies

Jean-Jacques Guiony
Finance

Christopher de Lapuente
Sephora and beauty

Christophe Navarre
Wines and Spirits

Daniel Piette
Investment funds

Pierre-Yves Roussel
Fashion Group

Philippe Schaus
DFS

Jean-Baptiste Voisin
Strategy

General Secretary

Marc-Antoine Jamet

Performance Audit Committee

Yves-Thibault de Silguy^(a)
Chairman

Nicholas Clive Worms^(a)

Charles de Croisset^(a)

Nominations and Compensation Committee

Albert Frère^(a)
Chairman

Charles de Croisset^(a)

Yves-Thibault de Silguy^(a)

Statutory Auditors

DELOITTE & ASSOCIÉS
*represented by Thierry Benoit
and Guillaume Troussicot*

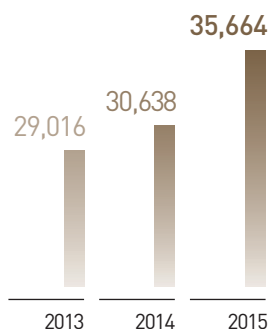
ERNST & YOUNG et Autres
*represented by Jeanne Boillet
and Gilles Cohen*

(a) Independent Director.

FINANCIAL HIGHLIGHTS

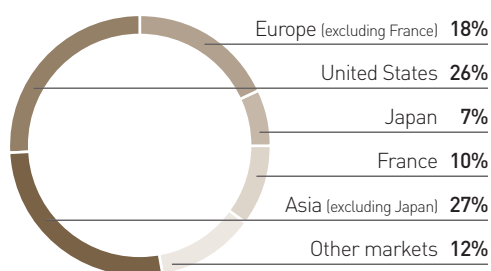
Revenue

(EUR millions)

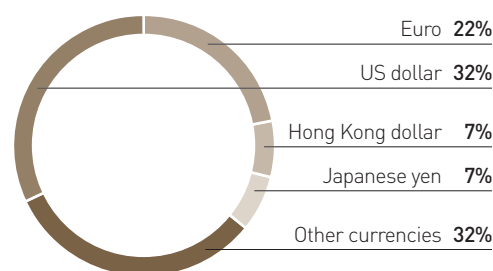


Revenue by business group (EUR millions)	2015	2014	2013
Wines and Spirits	4,603	3,973	4,173
Fashion and Leather Goods	12,369	10,828	9,883
Perfumes and Cosmetics	4,517	3,916	3,717
Watches and Jewelry	3,308	2,782	2,697
Selective Retailing	11,233	9,534	8,903
Other activities and eliminations	(366)	(395)	(357)
Total	35,664	30,638	29,016

Revenue by geographic region of delivery

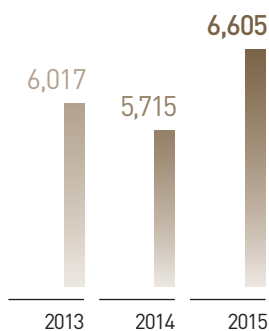


Revenue by invoicing currency



Profit from recurring operations

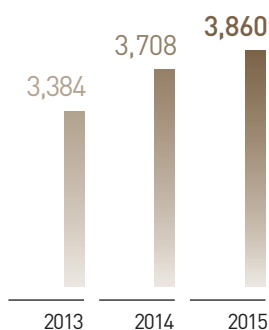
(EUR millions)



Profit from recurring operations by business group (EUR millions)	2015	2014	2013
Wines and Spirits	1,363	1,147	1,367
Fashion and Leather Goods	3,505	3,189	3,135
Perfumes and Cosmetics	525	415	414
Watches and Jewelry	432	283	367
Selective Retailing	934	882	908
Other activities and eliminations	(154)	(201)	(174)
Total	6,605	5,715	6,017

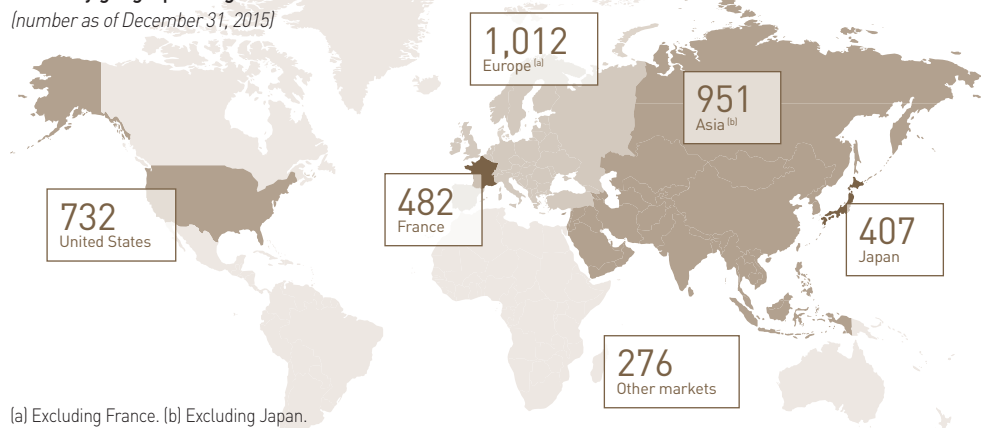
Stores

(number)



Stores by geographic region

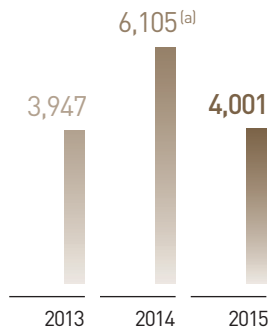
(number as of December 31, 2015)



(a) Excluding France. (b) Excluding Japan.

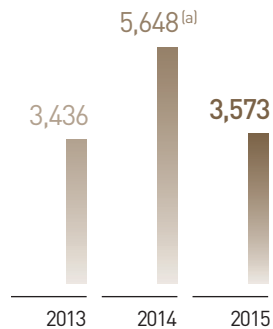
Net profit

(EUR millions)



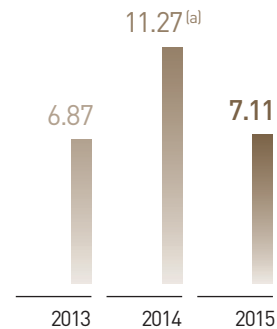
Net profit, Group share

(EUR millions)



Basic Group share of net earnings per share

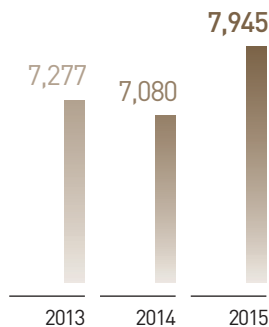
(EUR)



(a) Of which 2,677 million euros (i.e. 5.34 euros per share) resulting from the distribution of Hermès shares.

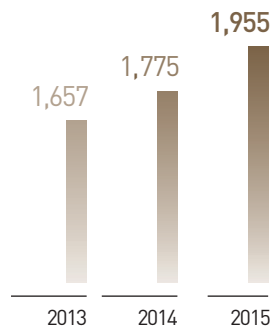
Cash from operations before changes in working capital^(a)

(EUR millions)



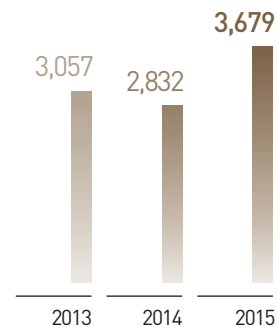
Operating investments

(EUR millions)



Free cash flow^(a)

(EUR millions)

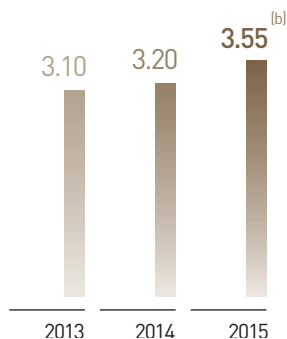


(a) Before interest and tax paid.

(a) Net cash from (used in) operating activities and operating investments.

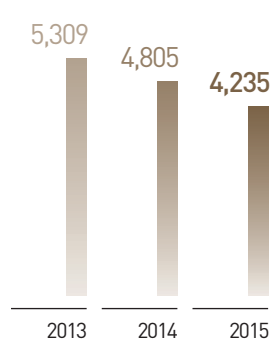
Dividend per share^(a)

(EUR)



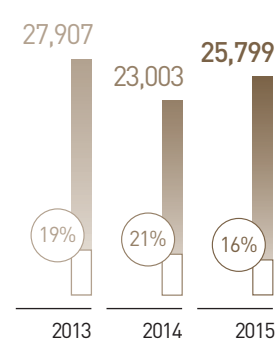
Net financial debt^(a)

(EUR millions)



Total equity and Net financial debt/ Total equity

(EUR millions and percentage)



(a) Gross amount paid for fiscal year, excluding the impact of regulations applicable to the beneficiary.
(b) Amount proposed at the Shareholders' Meeting of April 14, 2016.

(a) Excluding purchase commitments for minority interests included in Other non-current liabilities. See Note 18.1 to the condensed consolidated financial statements for definition of net financial debt.

HIGHLIGHTS AND OUTLOOK

Key highlights from 2015 include:

- record revenue and profit from recurring operations;
- strong progress in Europe, the United States and Japan;
- positive impact of exchange rates;
- good performance of Wines & Spirits in all regions with a progressive normalization of the situation in China;
- the success of both iconic and new products at Louis Vuitton, where profitability remains at an exceptional level;
- progress at Fashion brands, in particular Fendi, Céline, Givenchy and Kenzo;
- remarkable momentum at Christian Dior which gained market share globally;
- excellent results at Bvlgari and success of TAG Heuer's refocusing strategy;

- exceptional progress at Sephora which strengthened its position in all its markets and in digital;
- free cash flow of 3.7 billion euros, an increase of 30%;
- a gearing of 16% as of the end of December 2015.

Despite a climate of economic, currency and geopolitical uncertainties, LVMH is well-equipped to continue its growth momentum across all business groups in 2016. The Group will maintain a strategy focused on developing its brands by continuing to build on strong innovation and a constant quest for quality in their products and their distribution.

Driven by the agility of its teams, their entrepreneurial spirit, the balance of its different businesses and geographic diversity, LVMH enters 2016 with confidence and has, once again, set an objective of increasing its global leadership position in luxury goods.

SHARE CAPITAL AND VOTING RIGHTS

	Number of shares	Number of voting rights ^(a)	% of share capital	% of voting rights
Arnault family group	236,512,788	460,819,281	46.64%	62.90%
Other	270,626,322	271,760,361	53.36%	37.10%
Total	507,139,110	732,579,642	100.00%	100.00%

(a) Total number of voting rights that may be exercised at Shareholders' Meetings.

BUSINESS REVIEW AND COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF LVMH GROUP

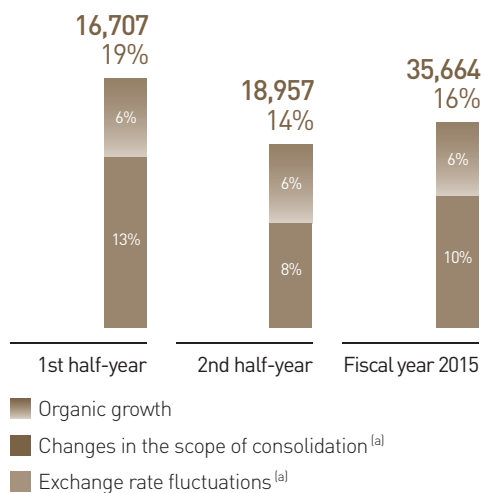
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1. COMMENTS ON THE CONSOLIDATED INCOME STATEMENT

1.1. Analysis of revenue

Change in revenue per half-year period

(EUR millions and percentage)



(a) The principles used to determine the net impact of exchange rate fluctuations on revenue of entities reporting in foreign currencies and the net impact of changes in the scope of consolidation are described on page 9.

Consolidated revenue for fiscal year 2015 was 35,664 million euros, up 16% over the preceding fiscal year. It was favorably impacted by the appreciation of the average rate of the Group's main invoicing currencies against the euro, in particular the US dollar, which appreciated by 16%.

The following change has been made in the Group's scope of consolidation since January 1, 2014: in Other activities, the acquisition of the newspaper *Le Parisien-Aujourd'hui en France* in October 2015. This change in the scope of consolidation did not have a significant effect on revenue growth for the year.

On a constant consolidation scope and currency basis, revenue increased by 6%.

Revenue by invoicing currency

(as %)	2015	2014	2013
Euro	22	23	23
US dollar	32	29	28
Japanese yen	7	7	7
Hong Kong dollar	7	8	8
Other currencies	32	33	34
Total	100	100	100

The breakdown of revenue by invoicing currency changed significantly: the contribution of the US dollar rose by 3 points to 32% while the contribution of the euro and that of other currencies fell by 1 point and 2 points, respectively, to 22% and 39%. The contribution of the Japanese yen remained stable at 7%.

Revenue by geographic region of delivery

(as %)	2015	2014	2013
France	10	10	11
Europe (excluding France)	18	19	19
United States	26	24	23
Japan	7	7	7
Asia (excluding Japan)	27	29	30
Other markets	12	11	10
Total	100	100	100

By geographic region of delivery, the relative contribution of Asia (excluding Japan) to Group revenue declined by 2 points, while that of Europe (excluding France) declined by 1 point, to 27% and 18% respectively, whereas the United States and Other markets witnessed their relative contribution increase by 2 points and 1 point, to 26% and 12% respectively. The contributions of France and Japan remained stable at 10% and 7% respectively.

In local currency terms, the change in revenue by geographic region represents a satisfactory performance for all regions, especially for the United States and Japan.

Revenue by business group

(EUR millions)	2015	2014	2013
Wines and Spirits	4,603	3,973	4,173
Fashion and Leather Goods	12,369	10,828	9,883
Perfumes and Cosmetics	4,517	3,916	3,717
Watches and Jewelry	3,308	2,782	2,697
Selective Retailing	11,233	9,534	8,903
Other activities and eliminations	(366)	(395)	(357)
Total	35,664	30,638	29,016

By business group, the breakdown of Group revenue remained unchanged. The contribution of Fashion and Leather Goods held steady at 35%; Selective Retailing remained at 31%; Perfumes and Cosmetics and Wines and Spirits both came to 13%, while Watches and Jewelry contributed 9%.

Wines and Spirits saw an increase in revenue of 16% based on published figures. Revenue for this business group increased by 6% on a constant consolidation scope and currency basis, with the net impact of exchange rate fluctuations raising Wines and Spirits revenue by 10 points. This performance was mainly driven by higher volumes. Demand remained very strong in the United States and Europe, with China still the second largest market for the Wines and Spirits business group.

Fashion and Leather Goods posted organic growth of 4%, and 14% based on published figures. This business group's performance continued to benefit from gains made by Louis Vuitton, Fendi, Céline, Kenzo, Givenchy and Berluti confirmed their potential for strong growth.

Revenue for Perfumes and Cosmetics increased by 7% on a constant consolidation scope and currency basis, and by 15% based on published figures. All of this business group's brands performed well. This performance confirmed the effectiveness of the value-enhancing strategy resolutely pursued by the Group's brands in the face of competitive pressures spawned by the economic crisis. The Perfumes and Cosmetics business group saw appreciable revenue growth in the United States and Asia, notably China.

Revenue for Watches and Jewelry increased by 8% on a constant consolidation scope and currency basis, and by 19% based on

published figures. This business group was boosted by the very strong momentum of Bvlgari throughout the world and by the very robust performance delivered by Chaumet and Hublot. For all of the business group's brands, Europe and Japan were the most dynamic regions.

Revenue for Selective Retailing increased by 5% on a constant consolidation scope and currency basis and by 18% based on published figures. This performance was driven by Sephora, which generated very appreciable growth in revenue in North America and the Middle-East.

1.2. Profit from recurring operations

(EUR millions)	2015	2014	2013
Revenue	35,664	30,638	29,016
Cost of sales	(12,553)	(10,801)	(9,997)
Gross margin	23,111	19,837	19,019
Marketing and selling expenses	(13,830)	(11,744)	(10,767)
General and administrative expenses	(2,663)	(2,373)	(2,212)
Income (loss) from investments in associates	(13)	(5)	(23)
Profit from recurring operations	6,605	5,715	6,017
Operating margin (%)	18.5	18.7	20.7

The Group achieved a gross margin of 23,111 million euros, up 17% compared to the prior fiscal year. As a percentage of revenue, the gross margin was 65%, stable with regard to 2014.

Marketing and selling expenses totaled 13,830 million euros, up 18% based on published figures, amounting to an 8% increase on a constant consolidation scope and currency basis. This increase was mainly due to the development of retail networks, but also to higher communications investments especially in Perfumes and Cosmetics, and Fashion and Leather Goods. The level of these expenses rose by 1 point as a percentage of revenue, amounting to 39%. Among these marketing and selling expenses, advertising and promotion costs amounted to 11% of revenue, an increase of 8% on a constant consolidation scope and currency basis.

The geographic breakdown of stores is as follows:

(number)	2015	2014	2013
France	482	467	443
Europe (excluding France)	1,012	995	926
United States	732	708	669
Japan	407	412	370
Asia (excluding Japan)	951	870	749
Other markets	276	256	227
Total	3,860	3,708	3,384

General and administrative expenses totaled 2,663 million euros, up 12% based on published figures, and up 5% on a constant consolidation scope and currency basis. They amounted to 8% of revenue, the same proportion as in 2014.

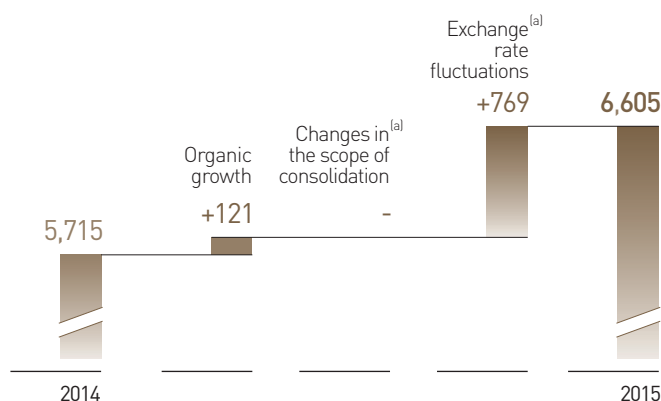
Profit from recurring operations by business group

(EUR millions)	2015	2014	2013
Wines and Spirits	1,363	1,147	1,367
Fashion and Leather Goods	3,505	3,189	3,135
Perfumes and Cosmetics	525	415	414
Watches and Jewelry	432	283	367
Selective Retailing	934	882	908
Other activities and eliminations	(154)	(201)	(174)
Total	6,605	5,715	6,017

The Group's profit from recurring operations was 6,605 million euros, up 16%. The Group's operating margin as a percentage of revenue was 18.5%, remaining stable compared with December 31, 2014.

Profit from recurring operations

(EUR millions)



(a) The principles used to determine the net impact of exchange rate fluctuations on profit from recurring operations of entities reporting in foreign currencies and the net impact of changes in the scope of consolidation are described on page 9.

Exchange rate fluctuations had a positive overall impact of 769 million euros on profit from recurring operations compared to the previous fiscal year. This total comprises the following three items: the impact of exchange rate fluctuations on export and import sales and purchases by Group companies, the change in the net impact of the Group's policy of hedging its commercial exposure to various currencies, and the impact of exchange rate fluctuations on the consolidation of profit from recurring operations of subsidiaries outside the euro zone.

On a constant consolidation scope, currency and foreign exchange hedging basis, the Group's profit from recurring operations was up 2%.

Wines and Spirits

	2015	2014	2013
Revenue (EUR millions)	4,603	3,973	4,173
Profit from recurring operations (EUR millions)	1,363	1,147	1,367
Operating margin (%)	29.6	28.9	32.8

Profit from recurring operations for Wines and Spirits was 1,363 million euros, up 19% compared to 2014. Champagne and wines contributed 641 million euros while cognac and spirits accounted for 722 million euros. Higher sales volumes and control of costs helped limit the effects related to lower business activity in China.

Fashion and Leather Goods

	2015	2014	2013
Revenue (EUR millions)	12,369	10,828	9,883
Profit from recurring operations (EUR millions)	3,505	3,189	3,135
Operating margin (%)	28.3	29.5	31.7

Fashion and Leather Goods posted profit from recurring operations of 3,505 million euros, up 10% with respect to 2014. Louis Vuitton maintained its very high level of profitability, while Céline, Kenzo, Givenchy and Fendi confirmed their profitable growth momentum. The business group's operating margin as a percentage of revenue fell by 1 point to 28%.

Perfumes and Cosmetics

	2015	2014	2013
Revenue (EUR millions)	4,517	3,916	3,717
Profit from recurring operations (EUR millions)	525	415	414
Operating margin (%)	11.6	10.6	11.1

Profit from recurring operations for Perfumes and Cosmetics was 525 million euros, up 26% compared to 2014. This growth was driven by Parfums Christian Dior, Benefit, Guerlain and Make Up For Ever, all of which posted improved results thanks to the success of their flagship product lines and strong innovative momentum. The business group's operating margin as a percentage of revenue grew by 1 point to 12%.

Watches and Jewelry

	2015	2014	2013
Revenue (EUR millions)	3,308	2,782	2,697
Profit from recurring operations (EUR millions)	432	283	367
Operating margin (%)	13.1	10.2	13.6

Profit from recurring operations for Watches and Jewelry was 432 million euros, up 53% with respect to 2014. This upsurge was the result of the excellent performance posted by Bvlgari, which led to a 3-point increase in the business group's operating margin as a percentage of revenue, which came to 13%.

Selective Retailing

	2015	2014	2013
Revenue (EUR millions)	11,233	9,534	8,903
Profit from recurring operations (EUR millions)	934	882	908
Operating margin (%)	8.3	9.3	10.2

Profit from recurring operations for Selective Retailing was 934 million euros, up 6% compared to 2014. The business group's operating margin as a percentage of revenue fell by 1 point to 8%.

Other activities

The net result from recurring operations of Other activities and eliminations was a loss of 154 million euros, an improvement with respect to 2014. In addition to headquarters expenses, this heading includes the results of the Media division and those of the yacht builder Royal Van Lent.

1.3. Other income statement items

(EUR millions)	2015	2014	2013
Profit from recurring operations	6,605	5,715	6,017
Other operating income and expenses	(221)	(284)	(119)
Operating profit	6,384	5,431	5,898
Net financial income (expense)	(414)	2,947	(198)
Income taxes	(1,969)	(2,273)	(1,753)
Net profit before minority interests	4,001	6,105	3,947
Minority interests	(428)	(457)	(511)
Net profit, Group share	3,573	5,648	3,436

Other operating income and expenses amounted to a net expense of 221 million euros, compared to a net expense of 284 million euros in 2014. In 2015, Other operating income and expenses included 136 million euros in amortization and impairment charges for brands and goodwill. The remainder mainly consisted of costs for the reorganization of manufacturing processes and sales structures, mostly in Fashion and Leather Goods and Watches and Jewelry businesses.

The Group's operating profit was 6,384 million euros, up 18% compared to 2014.

The net financial expense for the fiscal year was 414 million euros, compared with net financial income of 2,947 million euros in 2014. This item comprises:

- the aggregate cost of net financial debt, which amounted to 78 million euros, down 37 million euros compared to 2014, thanks to the combined impacts of lower interest rates and the decrease in the average amount of debt outstanding;

- other financial income and expenses, which amounted to a net expense of 336 million euros, compared to net income of 3,062 million euros in 2014. As a reminder, this positive result essentially consisted of capital gains arising on the distribution in kind of Hermès shares in 2014. The expense related to the ineffective portion of foreign exchange derivatives was 437 million euros, versus an expense of 238 million euros a year earlier; the sharp appreciation of the US dollar with respect to the euro led the Group to adapt its derivatives portfolio over the first half of the year. Lastly, other income from financial instruments, which mainly arose from capital gains on sales of short-term investments, amounted to net income of 101 million euros.

The Group's effective tax rate was 33%, an increase of 6 points versus 2014 and 2 points versus the tax rate adjusted for the specific impact of the Hermès share distribution transaction.

Profit attributable to minority interests was 428 million euros, compared to 457 million euros in 2014; this total mainly includes profit attributable to minority interests in Moët Hennessy and DFS.

The Group's share of net profit was 3,573 million euros, compared with 5,648 million euros in 2014. This represented 10% of revenue in 2015, down 8 points with respect to 2014. The Group's share of net profit in 2015 was up 20% compared to the Group's share of net profit in 2014, restated for the impact of the Hermès transaction.

Comments on the determination of the impact of exchange rate fluctuations and changes in the scope of consolidation

The impact of exchange rate fluctuations is determined by translating the accounts for the fiscal year of entities having a functional currency other than the euro at the prior fiscal year's exchange rates, without any other restatements.

The impact of changes in the scope of consolidation is determined:

- for the fiscal year's acquisitions, by deducting from revenue for the fiscal year the amount of revenue generated during that fiscal year by the acquired entities, as of their initial consolidation;
- for the prior fiscal year's acquisitions, by deducting from revenue for the fiscal year the amount of revenue generated over the months during which the acquired entities were not consolidated in the prior fiscal year;
- for the fiscal year's disposals, by adding to revenue for the fiscal year the amount of revenue generated by the divested entities in the prior fiscal year over the months during which those entities were no longer consolidated in the current fiscal year;
- for the prior fiscal year's disposals, by adding to revenue for the fiscal year the amount of revenue generated in the prior fiscal year by the divested entities.

Profit from recurring operations is restated in accordance with the same principles.

2. WINES AND SPIRITS

	2015	2014	2013
Revenue (EUR millions)	4,603	3,973	4,173
<i>Of which: Champagne and wines</i>	<i>2,221</i>	<i>1,985</i>	<i>1,937</i>
<i>Cognac and spirits</i>	<i>2,382</i>	<i>1,988</i>	<i>2,236</i>
Sales volume			
<i>(millions of bottles)</i>			
Champagne	61.4	59.6	57.4
Cognac	76.0	70.4	69.1
Other spirits	18.6	17.3	16.9
Still and sparkling wines	45.4	45.1	44.7
Revenue by geographic region of delivery (%)			
France	6	6	7
Europe (excluding France)	19	21	19
United States	30	27	23
Japan	6	6	5
Asia (excluding Japan)	23	24	31
Other markets	16	16	15
Total	100	100	100
Profit from recurring operations			
<i>(EUR millions)</i>	<i>1,363</i>	<i>1,147</i>	<i>1,367</i>
Operating margin (%)	29.6	28.9	32.8
Operating investments of the period			
<i>(EUR millions)</i>	<i>233</i>	<i>152</i>	<i>186</i>

Highlights

The Wines and Spirits business group had a very good year, marked by solid gains in champagne and a strong performance from Hennessy. The rapid growth at Glenmorangie, Ardbeg and Belvedere, and in the Estates & Wines portfolio, contributed to the business group's growth. Volumes were up 3% in champagne and 8% in cognac. In a mixed global environment, the excellence of the products, the robust innovation policy implemented by the brands, and the responsiveness of Moët Hennessy's distribution network played a key role in these accomplishments.

For Moët & Chandon, 2015 was a year of many innovations: a new prestige cuvée showcasing the House's winemaking prowess, a bold move into the nightlife market with the first luminescent champagne bottles, and a new international communications campaign. Buoyed by solid performances in the United States, Europe and Japan, Moët & Chandon achieved record volumes and strengthened its leading market position.

Dom Pérignon continued to develop internationally and roll out its range of premium products. The brand's motto "The Power of Creation", aimed at elevating the tasting experience of its vintage champagnes.

Mercier developed and expanded its product range with the launch of a *Blanc de Noirs* cuvée.

Ruinart continued to focus on premium cuvées and its strong ties to contemporary design. The brand strengthened its position in France and accelerated its international expansion with solid growth in all regions.

Veuve Clicquot proved as innovative as ever, performing well across its full product range thanks to the strong results of its high-profile Carte Jaune cuvée, the gains made by *Rosé Non Vintage* and the success of *Clicquot Rich*, the first champagne designed specifically for use in mixed drinks. The brand built on its market-leading position in the United States.

Krug continued to increase its brand awareness and performance gains. While still pursuing the momentum in the American market, the brand also developed in Europe and made solid progress in Japan and the Asia-Pacific region.

Estates & Wines had a good year, with excellent performance from the Chandon brand and promising developments at newly established estates (China, India). The 2015 harvest was of exceptional quality at all northern-hemisphere vineyards, signaling the arrival of a historic new vintage.

Hennessy celebrated its 250th birthday with high profile communications initiatives around the world, recording a substantial increase in sales volumes and passing the 6 million case mark. Its results in the United States were remarkable across all cognac quality grades thanks to the robust performance of its star product Hennessy *Very Special*, its upmarket strategy and successful communications. In China, the second half of the year saw a rebound in sales, during a year marked by continuous destocking by retailers. Hennessy continued to concentrate its volumes on the highest-performing regions and developed its business not only in its historic markets but also in many new and promising countries such as Indonesia and the Philippines, emerging African and American markets, and travel retail channels.

Glenmorangie and Ardbeg continued to grow robustly on the back of strong demand for single malt premium whisky and increasing brand awareness. Their quality and innovation policy earned them award recognition and good sales. Belvedere vodka received a successful boost due to the high visibility afforded by its sponsorship of Spectre, the 24th James Bond film, and enjoyed numerous international distinctions.

Outlook

Powered by their value creation and innovation strategy, the brands of the Wines and Spirits business group are on a positive track for the months to come. In 2016 there will be new product launches as well as strong marketing, event and digital initiatives to bolster the brands' image and appeal. Significant investments in communications will be made in the most

promising markets and segments to reinforce the position of LVMH's brands in the big consumer countries and accelerate their penetration of high-potential markets. The reinforcement of manufacturing capabilities, necessary to maintain the highest standard of quality, will remain a strategic priority. For example, as part of its business development strategy, **Hennessy** has begun building a new packaging and shipping center that meets the most demanding professional and environmental standards

and is planned to open in 2017. At the same time, **Moët & Chandon** is starting the construction of on a second winery in Mont-Aigu. Amid a mixed global environment, the business group will continue to capitalize on its products' reputation for excellence and its balanced geographic coverage. The energy and responsiveness of the teams running Moët Hennessy's distribution network are a crucial asset in its effort to enhance its leading global position in prestige wines and spirits.

3. FASHION AND LEATHER GOODS

	2015	2014	2013
Revenue (EUR millions)	12,369	10,828	9,883
Revenue by geographic region of delivery (%)			
France	9	8	8
Europe (excluding France)	22	21	20
United States	22	21	20
Japan	11	11	12
Asia (excluding Japan)	28	30	31
Other markets	8	9	9
Total	100	100	100
Type of revenue as a percentage of total revenue (excluding Louis Vuitton)			
Retail	61	58	52
Wholesale	37	40	43
Licenses	2	2	5
Total	100	100	100
Profit from recurring operations (EUR millions)	3,505	3,189	3,135
Operating margin (%)	28.3	29.5	31.7
Operating investments of the period (EUR millions)	553	585	629
Number of stores	1,566	1,534	1,339

Highlights

Louis Vuitton maintained its creative momentum and the influence of its fascinating universe in 2015, infusing traditional craftsmanship with an avant-garde mindset. In leather goods – Louis Vuitton's core calling – growth was all the more robust in that it reflected the balance sought between timeless icons like the *Monogram* and recent launches. The *Capucines* model and the new *Petite Malle* performed especially well. Communication was rooted in regular campaigns and compelling events at emblematic locations, dovetailing with specific products and store openings: runway shows at the Fondation Louis Vuitton in Paris and at Bob and Dolores Hope's villa in Palm Springs, California; "Series" exhibitions related to Nicolas Ghesquière's collections; and a presence at various arts and sports events throughout the world. Over the summer, the Fondation Louis

Vuitton presented its first "beyond the walls" exhibit in Beijing. Alongside the opening of the Louis Vuitton Galerie in Asnières, the Grand Palais in Paris is holding the "Volez, Voguez, Voyagez" exhibition tracing the House's globetrotting history, which runs until February 2016. Louis Vuitton continued the quality-driven development of its store network, illustrated in particular by major renovations in Los Angeles, New York and Paris.

Fendi achieved a fine performance with an acceleration in revenue growth, the confirmed success of its new boutique concept, and market share gains in all regions. The brand enhanced its desirability, cultivating its image of audacity and refinement. It showed excellent momentum across all business areas, with especially strong demand for its iconic *Selleria* and *Peekaboo* leather goods lines. Several events stood out in 2015: the inauguration of the new headquarters at the Palazzo della Civiltà Italiana, the celebration of 50 years of creative collaboration with Karl Lagerfeld, and the reopening of the Palazzo Fendi in the heart of Rome.

Driven by the excellence of its fabrics and its creations designed for a discreet and exacting clientele, **Loro Piana** continued to develop internationally with selective boutique openings. The Fashion House continued to invest in its manufacturing capacity, bolstered its supply chain – notably introducing the first Loro Piana Cashmere of the Year Award – and launched a new exceptional fabric called The Blend[®], combining vicuña down and baby cashmere in a unique palette of colors, which was immediately embraced by its customers.

The momentum of **Céline** was driven by all its product categories. Ready-to-wear and footwear continued to affirm the brand's modernity and quality, while the iconic leather goods lines elicited strong demand.

Givenchy and **Kenzo** had a very good year. Givenchy's Women's Summer 2016 collection presented in New York generated exceptional media coverage. Kenzo reinforced its positioning from one collection to the next, developed its store network, and cultivated a strong digital dimension.

Donna Karan and **Marc Jacobs** continued the strategic repositioning of their collections and consolidated their organizations. Donna Karan entrusted the creative directorship of **DKNY** women's ready-to-wear to New York designers Dao-Yi Chow and Maxwell Osborne. Marc Jacobs grouped its designs under one brand with a singular communications campaign and runway show, and implemented a new store concept.

Under the creative direction of Jonathan Anderson, **Loewe** continued its stylistic evolution and updated its iconic product lines. The launch of the *Puzzle* bag – a perfect illustration of the brand's craftsmanship – is already a great success.

Berluti had an eventful year, with numerous launches and the opening of a new workshop in Ferrara, which was necessary to accommodate its strong growth.

Thomas Pink, which maintained strong growth in its online sales, bolstered its digital strategy with the preparation of a new omni-channel platform.

Pucci appointed Massimo Giorgetti as its new creative director.

Outlook

2016 will be an eventful year for **Louis Vuitton**. The House will illustrate its unwavering creativity and its spirit of innovation throughout all its collections. One of the year's highlights will be the launch of a Louis Vuitton fragrance and the inauguration of a creative laboratory in Grasse to support its ambition in

conquering this new territory. These developments will be accompanied by communications all closely related to the brand's latest news. Louis Vuitton will continue to enhance the quality of its retail network and will pursue initiatives aimed at offering its customers an exceptional experience and quality of service through a global approach encompassing both in-store and digital initiatives. **Fendi** will boost its momentum, driven by a bold, sophisticated offering and a focus on its unique craftsmanship. Innovation will take center stage once again in 2016 with a number of new product launches, and the Rome-based Fashion House will continue its expansion, opening stores in the downtown areas of key cities and in new markets. A highlight of the year for **Loro Piana** in 2016 will be the opening of a flagship store on Avenue Montaigne in Paris. Loro Piana will continue to concentrate its investments on textile research and development and on sourcing the finest and most precious natural fibers. By focusing on their specific objectives, all the fashion brands will continue to reinforce their development model with a view to ensuring profitable, controlled growth over time.

4. PERFUMES AND COSMETICS

	2015	2014	2013
Revenue (EUR millions)	4,517	3,916	3,717
Revenue by product category (%)			
Perfumes	41	43	45
Cosmetics	40	39	37
Skincare products	19	18	18
Total	100	100	100
Revenue by geographic region of delivery (%)			
France	12	13	13
Europe (excluding France)	26	30	32
United States	14	13	12
Japan	4	4	5
Asia (excluding Japan)	29	26	24
Other markets	15	14	14
Total	100	100	100
Profit from recurring operations (EUR millions)	525	415	414
Operating margin (%)	11.6	10.6	11.1
Operating investments of the period (EUR millions)	229	221	229
Number of stores	203	162	123

Highlights

Perfumes and Cosmetics had an eventful year, recording robust growth and new market share gains. LVMH's Houses continued to capitalize on the vibrancy of their emblematic product lines and a vigorous innovation policy.

Parfums Christian Dior built on its growth and gained market share across the globe. Performance was driven by the unprecedented worldwide success of its new men's fragrance *Sauvage* – as embodied by Johnny Depp – and the buoyancy of its iconic perfumes: *J'adore*, which offered the new *Touche de Parfum*; *Miss Dior*, driven by a fresh communications campaign and its worldwide success; and *Dior Homme*, which delivered growth in the world's main national markets. Dior developed its collections by re-releasing the iconic amphora bottle and a new exceptional fragrance, *Fève Délicieuse*, designed by its perfumer François Demachy for the *Collection Privée Christian Dior*. Spurred by the creative flair of Peter Philips since 2014, the brand's make-up segment reaffirmed its leading position with even bolder collections and numerous new releases such as *Dior Addict Lipstick* and *Nude Air* serum foundation. In skincare, where Dior has achieved some age-fighting scientific breakthroughs, *Dreamskin* did well as well as the *Prestige* range.

Guerlain continued to grow profitably, helped along by the ongoing success of the various incarnations of *La Petite Robe Noire* and the performance of *L'Homme Idéal*, which is well established on its markets. Its skincare lines *Orchidée Impériale* and *Abeille Royale* flourished, and its iconic make-up creations *Terracotta* and *Météorites* posted excellent results. La Ruche,

the brand's new skincare and make-up manufacturing site in Chartres, is an asset to cosmetics development and a symbol of Guerlain's long-term commitment to high quality, eco design and the transmission of know-how in France's Cosmetic Valley.

Parfums Givenchy made progress with support from all of its product categories. The fragrance *Gentlemen Only*, an embodiment of masculine elegance, continued to record growth alongside the promising success of the new women's fragrance *Live Irrésistible*. Development in make-up was driven notably by the brand's top lipstick, *Le Rouge*.

Kenzo Parfums successfully launched *Flower by Kenzo L'Élixir*, with a communications campaign embodying the spontaneity and poetry of the brand.

Benefit maintained its strong momentum and continued to gain market share in the United States, Europe and the Middle East, with the support of some extremely effective digital communications. The major innovation of 2015 was *Roller Lash* mascara, a high-performance product that also conveys Benefit's signature fun-and-quirky tone, which achieved rapid success.

Make Up For Ever expanded rapidly, validating its business development model based on exceptional creativity and the professional quality of its make-up. Its new foundation products released in 2015, *Ultra HD* and *Step 1*, proved highly successful.

Fresh maintained a high rate of growth, especially in Asia, propelled by its unique approach to beauty and its ranges of naturally-derived products. 2015 marked the beginning of the brand's development in Europe, with counters opening at the Galeries Lafayette in Paris and Harrods in London.

Acqua di Parma benefited from the excellent performance of its *Colonia* line, which embodies timeless elegance and the Italian art of living.

Outlook

Going into 2016, LVMH's brands are setting themselves new targets for market share gains, which will mean showcasing their passion for excellence and adopting an active strategy of innovation, communication and digital initiatives. **Parfums Christian Dior** will continue to cultivate its reputation as one of the world's great perfume houses, develop its appeal, and grow its customer base in synergy with Couture. Its key strategic priorities will be developing *Sauvage* and building on its flagship product lines. Just as important will be the attention devoted to the expertise of its customer advisers and the continuous improvement of the Dior experience at its points of sale. **Guerlain** has undertaken an intensive innovation plan for all of its product categories, one consequence of which will be a make-up offshoot of *La Petite Robe Noire*. In Paris, Guerlain will open its first fragrances-only shop in January. **Parfums Givenchy** will develop its cosmetics offering, expand on its existing perfumes with new scent versions, and add to its *Live Irrésistible* product line. In a few strategic countries, **Kenzo Parfums** will launch a new and highly creative product line in keeping with the spirit of the Fashion house. **Benefit**, **Make Up For Ever**, **Fresh**, and **Acqua di Parma** will continue to affirm their creative focus, reinforce the one-of-a-kind market positioning that has enabled them to thrive, and expand their international distribution.

5. WATCHES AND JEWELRY

	2015	2014	2013
Revenue (EUR millions)	3,308	2,782	2,697
Revenue by geographic region of delivery (%)			
France	7	6	6
Europe (excluding France)	25	27	27
United States	11	12	12
Japan	13	13	13
Asia (excluding Japan)	27	26	27
Other markets	17	16	15
Total	100	100	100
Profit from recurring operations (EUR millions)	432	283	367
Operating margin (%)	13.1	10.2	13.6
Operating investments of the period (EUR millions)	204	191	187
Number of stores	395	380	363

Highlights

The Watches and Jewelry business group posted strong growth, with major gains in jewelry. The backdrop of economic and monetary uncertainty continued to make watch retailers prudent in their purchasing decisions. The boutiques achieved solid growth thanks to the success of their iconic product lines and the creativity of new offerings. The brands focused on building their reputations and invested selectively in their distribution networks and manufacturing capabilities.

Bulgari continued to thrive in terms of both revenue and profits, delivering a remarkable performance in jewelry thanks to the success of the emblematic *Serpenti*, *Bulgari-Bulgari* and *B.Zero1* product lines and the new *Diva* collection. Fine jewelry made spectacular gains with a contribution from the new *Giardini Italiani* collection, inspired by the creative artistry of Italian gardens and epitomizing the brand's peerless mastery of exceptional colored gemstone arrangements. The watchmaking segment benefited from the success of the new *Lucea* collection, the ongoing progress of *Serpenti*, and the growth of the *Octo* line for men. A thorough campaign of selective store openings

Watches and Jewelry

and improvements was rewarded with a strong performance by Bvlgari's own stores. In accessories and fragrances, Bvlgari accelerated its move upmarket.

TAG Heuer continued to build on its core products. New releases and special series were added to the iconic *Formula 1*, *Aquaracer* and *Carrera* lines, with powerful communications initiatives to support them. The smartwatch unveiled in New York in November, in keeping with the brand's status as a pioneer, generated a lot of interest and made a remarkable start in terms of revenue on its first markets. TAG Heuer continued improving its organization and optimizing its store network to build on their quality and profitability. TAG Heuer's visibility for its target audience and its social media presence were enhanced with an extensive network of partners and ambassadors, including the Red Bull Racing team, the German Bundesliga soccer league, the musician David Guetta and the Chinese singer G.E.M.

Hublot kept up its high rate of growth, driven by the *Classic Fusion* line and the emblematic *Big Bang*, which turned 10 years old in 2015. The brand illustrated its creativity and value strategy with many new fine timepieces. The opening of a second manufacturing facility in Nyon reinforced Hublot's technical mastery of the fabrication process for its *UNICO* movements and its complications, and enriched its technological and innovative capacities. The brand's visibility was boosted by lively communications initiatives including events, a digital presence, and prestigious partnerships in the arts and sports. New stores opened in Frankfurt, Dubai, Osaka and Chengdu.

Zenith celebrated its 150th anniversary in 2015, a tribute to its values of craftsmanship and passion for watchmaking. The new *Elite 6150* received a very enthusiastic welcome, while the iconic *El Primero* line continued to thrive. Zenith raised its profile and expanded its network with the opening of a store in Chengdu.

Chaumet had a year of strong growth, driven by its emblematic lines and a gradual move upmarket. Several new designs enriched the *Hortensia* and *Joséphine* collections. A "Musée Éphémère" pop-up exhibit was opened on the Place Vendôme in Paris, displaying Chaumet's historic and current creations on the theme of naturalism, a hallmark of its heritage.

Montres Dior benefited from the success of the *Grand Bal* fine timepiece collections. **De Beers** consolidated its position as the leading reference in the solitaire diamonds segment. **Fred** was buoyed by its iconic *Force 10* line and opened a new flagship boutique in Paris.

Outlook

The Watches and Jewelry business group is actively pursuing its market share growth targets. Its masterful watchmaking and jewelry-making expertise, the creativity of its products and the brands' reputation and image of excellence remain the key vectors of its momentum and its future development. Against a mixed economic backdrop, this strategy continues to be combined with rigorous management and highly targeted resource allocation. Over the coming months, the brands will continue to invest in the most buoyant, promising regions as a priority to raise their profiles there. They will focus on optimizing the geographic coverage of their retail networks and enhancing the quality of their stores while increasing their productivity and profitability. At **Hublot**, specifically, a new flagship store opening in New York will be a highlight of the first half of the year. Further efforts will be made to expand manufacturing capacity and create synergies within the business group. **Bvlgari**, specifically, will continue the construction of its new manufacturing facility in Valenza, Italy, set to open in mid-2016. Lastly, in an illustration of their energy, innovative mindset and expertise, all the watches and jewelry brands will enrich their collections, ever guided by a spirit of creativity and commitment to excellence.

6. SELECTIVE RETAILING

	2015	2014	2013
Revenue (EUR millions)	11,233	9,534	8,903
Revenue by geographic region of delivery (%)			
France	13	15	15
Europe (excluding France)	8	9	10
United States	39	35	33
Japan	2	1	1
Asia (excluding Japan)	29	31	33
Other markets	9	9	8
Total	100	100	100
Profit from recurring operations (EUR millions)	934	882	908
Operating margin (%)	8.3	9.3	10.2
Operating investments of the period (EUR millions)	399	389	389
Number of stores			
Sephora	1,626	1,560	1,481
Other trade names	53	54	60

Highlights

Sephora gained market share worldwide and achieved new double-digit revenue growth, with remarkable performances in North America and the Middle East. Recently entered markets – Australia in particular – were off to a promising start. Expansion continued with close to 100 openings throughout the world in 2015. Several flagship stores such as the Mall of the Emirates store in Dubai and the Powell Street store in San Francisco were renovated to enrich customers' digital and service experience. Online sales kept up their strong growth, accompanied in particular by an upgraded mobile offering. Sephora stepped up the pace of its omni-channel development strategy: several innovative offerings were launched, such as 48-hour delivery in the United States and the "Click & Collect" service in France, where products ordered online can be picked up in-store three hours later. Geographic expansion continued with the acquisition of the e-commerce site Luxola, which is present in nine countries in Southeast Asia. Sephora also maintained its focus on innovation in products and services with a reinforced exclusive offering, the launch of the Beauty to Go line of miniature products for everyday use and travel, and the "Play!" initiative in the United States, which lets customers sign up to receive samples of a selection of products.

Le Bon Marché had a year of strong growth marked by innovation. One of the key events of 2015 was the opening of its new Footwear space with its magnificent glass ceilings. This renovation helped create remarkable momentum in the Accessories department, which was also boosted by the good results achieved in Watches and Jewelry. The ongoing transformation of the Women's Fashion space generated strong

growth in this segment. Two highlights of the year at **Le Bon Marché** and the **Grande Épicerie de Paris** food store were the exhibition held at the beginning of the year in association with the Miami concept store **The Webster** and another devoted to the spirit of Brooklyn. The success of the "24 Sèvres" loyalty program exceeded expectations, expanding the customer base in France and drawing in a younger clientele. International customers, won over by **Le Bon Marché's** culturally rich, Parisian atmosphere, also contributed to revenue growth.

Travel retail activities were faced with a combination of unfavorable political, economic and monetary factors in Asia, with the exception of Japan, where **DFS** benefited from high levels of Chinese tourism. In this context, **DFS** drew on its unique expertise and its enormous capacity for innovation to develop its offering in response to the changing expectations of its globetrotting customers, while continuing to reduce operating costs. The **T Beauty** concept was launched in Macao and Hong Kong, offering a wide selection of brands and beauty products in an architectural space that is luxurious, modern and accessible. Another initiative, the wines and spirits duplex stores that opened at Changi Airport in Singapore, set a new benchmark for excellence in this category in terms of architecture and customer experience. In parallel, the plan to modernize existing stores continued, backed by a dynamic policy in marketing, events and loyalty building with the expansion of the **LoyalT** program.

The **Starboard Cruise Services** business on board cruise ships was boosted by the development of cruise routes in Asia and by its strategy of innovating and differentiating its in-store offerings by cruise line and customer base. The highlight of 2015 was the renewal of the contract with **Royal Caribbean**.

Outlook

Sephora will continue its international expansion. Staying true to its profile as a trailblazer in the world of beauty, **Sephora** will keep crafting the shopping experiences of tomorrow, focusing on personalizing its relationship with each customer and strengthening the link between physical stores and digital offerings. The training and engagement of its staff, on which **Sephora's** success depends, remain at the core of this strategy. **Le Bon Marché** will continue to cultivate its uniqueness, its identity as a trendsetter and the quality of its customer care. The launch of **La Grande Épicerie de Paris's** own brand will be a major event in 2016, while the **Franck et Fils** store will close its doors to prepare for the 2017 opening of another **Grande Épicerie de Paris** on the city's Right bank.

Backed by its highly responsive teams and organization, **DFS** will continue to focus on the appeal of its network to make it an essential stop for travelers and enrich their experience. Several promising developments will come to fruition in 2016: the opening of the **T Galleria** in Siem Reap in Cambodia, near the fabulous ruins of Angkor; the opening of the new **T Galleria – City of Dreams** in Macao; and the opening of **T Fondaco dei Tedeschi**, Europe's first **DFS** store, on the Grand Canal in Venice,

next to the Rialto Bridge, one of the world's most-visited tourist attractions. In response to the wide variety of cruise routes and a changing customer base, **Starboard Cruise Services**

will continue to innovate and refine its product selections, with a focus on the highest-contributing categories.

7. COMMENTS ON THE CONSOLIDATED BALANCE SHEET

Balance sheet as of December 31, 2015

(EUR billions)	2015	2014	Change
Tangible and intangible assets	34.9	32.3	2.6
Other non-current assets	3.8	3.0	0.8
Non-current assets	38.7	35.3	3.4
Inventories	10.1	9.5	0.6
Other current assets	8.8	8.6	0.2
Current assets	18.9	18.1	0.8
Assets	57.6	53.4	4.2

LVMH's consolidated balance sheet totaled 57.6 billion euros as of year-end 2015, representing an 8% increase from year-end 2014. Non-current assets rose by 3.4 billion euros and represented 67% of total assets, compared with 66% as of year-end 2014.

Tangible and intangible fixed assets grew by 2.6 billion euros, of which 1.2 billion euros was due to the revaluation of purchase commitments for minority interests, and 0.9 billion euros was due to exchange rate fluctuations. Investments for the year, net of disposals as well as amortization and depreciation charges, represented an additional increase of 0.3 billion euros. The comments on the cash flow statement provide further information on investments.

Other non-current assets increased by 0.8 billion euros, amounting to 3.8 billion euros, as a result of the increase in deferred tax assets, for 0.5 billion euros, and the increase in investments in joint ventures and associates, for 0.2 billion euros, arising from the acquisition of equity stake in Repossi and L Catterton, in particular.

(EUR billions)	2015	2014	Change
Total equity	25.8	23.0	2.8
Long term borrowings	4.5	5.0	(0.5)
Other non-current liabilities	14.6	13.2	1.4
Equity and non-current liabilities	44.9	41.2	3.7
Short term borrowings	3.7	4.2	(0.5)
Other current liabilities	9.0	8.0	1.0
Current liabilities	12.7	12.2	0.5
Liabilities and equity	57.6	53.4	4.2

Inventories increased by 0.6 billion euros. The comments on the cash flow statement provide further information on this change.

Other current assets grew by 0.2 billion euros, as a result of the increase in operating receivables for 0.7 billion euros, mainly trade accounts receivable, which is in line with the Group's business growth. This increase is offset by the decrease of the level of cash, for 0.5 billion euros.

Other non-current liabilities, totaling 14.6 billion euros, increased by 1.4 billion euros, due to the 1.4 billion euro increase in the liability in respect of purchase commitments for minority interests. The 0.3 billion euro decrease in provisions was offset by an equivalent increase in deferred tax liabilities.

Lastly, other current liabilities increased by 1.0 billion euros, totaling 9.0 billion euros, of which 0.3 billion euros were related to exchange rates changes, 0.3 billion euros to the changes in consolidation scope, and 0.2 billion euros to increased tax and social charge liabilities. These changes are due to the development of the Group's business activities.

Net financial debt and equity

<i>(EUR billions)</i>	2015	2014	Change
Long term borrowings	4.5	5.0	(0.5)
Short term borrowings and derivatives	3.7	4.2	(0.5)
Gross borrowings after derivatives	8.2	9.2	(1.0)
Cash and cash equivalents and current available for sale financial assets	(4.0)	(4.4)	0.4
Net financial debt	4.2	4.8	(0.6)
Equity	25.8	23.0	2.8
Net financial debt/ Total equity ratio	16%	21%	(5.0)

The ratio of net financial debt to equity, which was 21% as of December 31, 2014, dropped significantly, falling by 5 points to 16%, thanks to the combined impact of the increase in equity, for 2.8 billion euros, and the reduction in net financial debt, for 0.6 billion euros.

Total equity amounted to 25.8 billion euros as of year-end 2015, up 2.8 billion euros compared to year-end 2014. This change primarily reflects the strong earnings achieved by the Group,

distributed only partially, representing a net increase of 2.1 billion euros. In addition to this, a positive impact of 0.8 billion euros was recorded due to exchange rate fluctuations on the reserves of entities reporting in foreign currency, mainly US dollars, Hong Kong dollars and Swiss francs. As of December 31, 2015, total equity was equal to 45% of total assets, compared to 43% as of year-end 2014.

Gross borrowings after derivatives totaled 8.2 billion euros as of year-end 2015, representing a 1 billion euro decrease compared to year-end 2014. During the year, LVMH redeemed the bonds issued in 2009 (250 million euros) and 2011 (500 million euros) in addition to the 200 million Swiss franc bond issued in 2008. Other borrowings also fell by 0.4 billion euros, contributing to the decrease of the debt. Conversely, commercial paper outstanding increased by 0.3 billion euros and foreign currency liabilities rose by 0.1 billion euros as a result of exchange rate fluctuations. Cash, cash equivalents and current available for sale financial assets totaled 4.0 billion euros at the end of the fiscal year, down 0.4 billion euros from 4.4 billion euros as of year-end 2014; net financial debt was therefore down 0.6 billion euros.

As of year-end 2015, the Group's undrawn confirmed credit lines amounted to 3.4 billion euros, substantially exceeding the outstanding portion of its commercial paper program, which came to 2.2 billion euros as of December 31, 2015.

8. COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT

(EUR millions)	2015	2014	Change
Cash from operations before changes in working capital	7,945	7,080	865
Cost of net financial debt: interest paid	(75)	(116)	41
Income taxes paid	(1,807)	(1,639)	(168)
Net cash from operating activities before changes in working capital	6,063	5,325	738
Change in working capital	(429)	(718)	289
Operating investments	(1,955)	(1,775)	(180)
Free cash flow	3,679	2,832	847
Financial investments	(511)	(232)	(279)
Transactions relating to equity	(2,090)	(1,961)	(129)
Change in cash before financing activity	1,078	639	439

Cash from operations before changes in working capital totaled 7,945 million euros, compared to 7,080 million euros a year earlier, representing an increase of 12%. Net cash from operating activities before changes in working capital (i.e. after interest and income taxes paid) amounted to 6,063 million euros, up 14% from fiscal year 2014.

Interest paid, which totaled 75 million euros, was down significantly compared to its 2014 amount, mainly thanks to the impacts of lower interest rates on borrowings, as well as the reduction in net financial debt.

Income taxes paid came to 1,807 million euros, up 10% compared to the 1,639 million euros paid a year earlier, arising from the Group's earnings growth.

The 429 million euro increase in the working capital requirement was much lower than the 718 million euro increase observed a year earlier. The 569 million euro rise in inventories was significantly lower than the 928 million euro increase in 2014. It concerned Wines and Spirits in particular, and to a lesser extent Perfumes and Cosmetics and Watches and Jewelry.

Operating investments net of disposals resulted in an outflow of 1,955 million euros in 2015, compared to 1,775 million euros a year earlier. They consisted mainly of investments by Sephora, Louis Vuitton, DFS and Bvlgari in their retail networks; investments by Parfums Christian Dior in new counters; investments by the champagne houses and Hennessy in their production facilities; and investments in real estate for administrative use, sales operations or rental purposes.

In 2015, purchases of non-current available for sale financial assets and consolidated investments accounted for a 511 million

euro outflow, of which 240 million euros were for purchases of consolidated investments. These included the acquisition of the newspaper *Le Parisien-Aujourd'hui en France*, a 95% stake in the e-commerce site Luxola, and investments in Repossi and L Catterton. The remaining net outflow of 271 million euros arose from the management of non-current available for sale financial assets, including an outflow of 265 million euros arising from income tax related to non-current available for sale financial assets.

Transactions relating to equity generated an outflow of 2,090 million euros. A portion of this amount, 1,671 million euros, related to dividends paid during the fiscal year by LVMH SE, excluding the amount attributable to treasury shares, of which 992 million euros was for the final dividend payment in respect of fiscal year 2014 and 679 million euros was for the interim dividend payment in respect of fiscal year 2015. In addition, dividends paid out to minority shareholders of consolidated subsidiaries amounted to 228 million euros and income taxes paid on transactions relating to equity amounted to 304 million euros. Conversely, share subscription options exercised during the fiscal year and capital increases subscribed by minority shareholders of Group subsidiaries generated an inflow of 116 million euros.

The net cash inflow after all operating, investment, and equity-related activities thus amounted to 1,078 million euros. Financing activities generated a cash outflow of 1,438 million euros, and after the negative impact of the change in the cumulative translation adjustment of 33 million euros, the cash balance at the end of the fiscal year was down 393 million euros compared to year-end 2014.

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CONSOLIDATED INCOME STATEMENT

<i>(EUR millions, except for earnings per share)</i>	Notes	2015	2014	2013
Revenue	23	35,664	30,638	29,016
Cost of sales		(12,553)	(10,801)	(9,997)
Gross margin		23,111	19,837	19,019
Marketing and selling expenses		(13,830)	(11,744)	(10,767)
General and administrative expenses		(2,663)	(2,373)	(2,212)
Income (loss) from joint ventures and associates	7	(13)	(5)	(23)
Profit from recurring operations	23/24	6,605	5,715	6,017
Other operating income and expenses	25	(221)	(284)	(119)
Operating profit		6,384	5,431	5,898
Cost of net financial debt		(78)	(115)	(101)
Other financial income and expenses		(336)	3,062	(97)
Net financial income (expense)	26	(414)	2,947	(198)
Income taxes	27	(1,969)	(2,273)	(1,753)
Net profit before minority interests		4,001	6,105	3,947
Minority interests	17	(428)	(457)	(511)
Net profit, Group share		3,573	5,648	3,436
Basic Group share of net earnings per share (EUR)	28	7.11	11.27	6.87
Number of shares on which the calculation is based		502,395,491	501,309,369	500,283,414
Diluted Group share of net earnings per share (EUR)	28	7.08	11.21	6.83
Number of shares on which the calculation is based		504,894,946	503,861,733	503,217,497

CONSOLIDATED STATEMENT OF COMPREHENSIVE GAINS AND LOSSES

<i>(EUR millions)</i>	2015	2014	2013
Net profit before minority interests	4,001	6,105	3,947
Translation adjustments	631	534	(346)
Tax impact	135	104	(48)
	766	638	(394)
Change in value of available for sale financial assets	(32)	494	963
Amounts transferred to income statement	(91)	(3,326)	(16)
Tax impact	20	184	(35)
	(103)	(2,648)	912
Change in value of hedges of future foreign currency cash flows	(63)	(30)	304
Amounts transferred to income statement	33	(163)	(265)
Tax impact	3	57	(17)
	(27)	(136)	22
Gains and losses recognized in equity, transferable to income statement	636	(2,146)	540
Change in value of vineyard land	64	(17)	369
Amounts transferred to consolidated reserves	-	(10)	-
Tax impact	(21)	9	(127)
	43	(18)	242
Employee benefit commitments: change in value resulting from actuarial gains and losses	42	(161)	80
Tax impact	(16)	52	(22)
	26	(109)	58
Gains and losses recognized in equity, not transferable to income statement	69	(127)	300
Comprehensive income	4,706	3,832	4,787
Minority interests	(558)	(565)	(532)
Comprehensive income, Group share	4,148	3,267	4,255

CONSOLIDATED BALANCE SHEET

ASSETS	Notes	2015	2014	2013
<i>(EUR millions)</i>				
Brands and other intangible assets	3	13,572	13,031	12,596
Goodwill	4	10,122	8,810	9,058
Property, plant and equipment	6	11,157	10,387	9,621
Investments in joint ventures and associates	7	729	519	480
Non-current available for sale financial assets	8	574	580	7,080
Other non-current assets	9	552	489	457
Deferred tax		1,945	1,436	913
Non-current assets		38,651	35,252	40,205
Inventories and work in progress	10	10,096	9,475	8,492
Trade accounts receivable	11	2,521	2,274	2,174
Income taxes		384	354	223
Other current assets	12	2,355	1,916	1,856
Cash and cash equivalents	14	3,594	4,091	3,226
Current assets		18,950	18,110	15,971
Total assets		57,601	53,362	56,176
LIABILITIES AND EQUITY				
<i>(EUR millions)</i>				
Share capital	15.1	152	152	152
Share premium account	15.1	2,579	2,655	3,849
Treasury shares and LVMH-share settled derivatives	15.2	(240)	(374)	(451)
Cumulative translation adjustment	15.4	1,137	492	(8)
Revaluation reserves		949	1,019	3,900
Other reserves		16,189	12,171	16,001
Net profit, Group share		3,573	5,648	3,436
Equity, Group share		24,339	21,763	26,879
Minority interests	17	1,460	1,240	1,028
Total equity		25,799	23,003	27,907
Long-term borrowings	18	4,511	5,054	4,149
Non-current provisions	19	1,950	2,291	1,797
Deferred tax		4,685	4,392	4,280
Other non-current liabilities	20	7,957	6,447	6,404
Non-current liabilities		19,103	18,184	16,630
Short-term borrowings	18	3,769	4,189	4,674
Trade accounts payable	21.1	3,960	3,606	3,297
Income taxes		640	549	357
Current provisions	19	421	332	324
Other current liabilities	21.2	3,909	3,499	2,987
Current liabilities		12,699	12,175	11,639
Total liabilities and equity		57,601	53,362	56,176

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Notes	Number of shares	Share capital	Share premium account	Treasury shares and LVMH-share settled derivatives	Cumulative translation adjustment	Revaluation reserves			Net profit and other reserves	Total equity			
						Available for sale financial assets	Hedges of future foreign currency cash flows	Vineyard land		Employee benefit commitments	Group share	Minority interests	Total
		15.1		15.2	15.4						17		
As of December 31, 2012	508,163,349	152	3,848	(414)	342	1,943	118	758	(88)	17,765	24,424	1,084	25,508
Gains and losses recognized in equity					(350)	912	18	188	51	-	819	21	840
Net profit										3,436	3,436	511	3,947
Comprehensive income		-	-	-	(350)	912	18	188	51	3,436	4,255	532	4,787
Stock option plan and similar expenses										31	31	3	34
(Acquisition)/disposal of treasury shares and LVMH-share settled derivatives				(103)						(7)	(110)	-	(110)
Exercise of LVMH share subscription options	1,025,418		67								67	-	67
Retirement of LVMH shares	(1,395,106)		(66)	66							-	-	-
Capital increase in subsidiaries											-	8	8
Interim and final dividends paid										(1,500)	(1,500)	(228)	(1,728)
Acquisition of a controlling interest in Loro Piana											-	235	235
Changes in control of consolidated entities										1	1	(1)	-
Acquisition and disposal of minority interests' shares										(73)	(73)	(76)	(149)
Purchase commitments for minority interests' shares										(216)	(216)	(529)	(745)
As of December 31, 2013	507,793,661	152	3,849	(451)	(8)	2,855	136	946	(37)	19,437	26,879	1,028	27,907
Gains and losses recognized in equity					500	(2,648)	(122)	(15)	(96)	-	(2,381)	108	(2,273)
Net profit										5,648	5,648	457	6,105
Comprehensive income		-	-	-	500	(2,648)	(122)	(15)	(96)	5,648	3,267	565	3,832
Stock option plan and similar expenses										37	37	2	39
(Acquisition)/disposal of treasury shares and LVMH-share settled derivatives				27						(17)	10	-	10
Exercise of LVMH share subscription options	980,323		59								59	-	59
Retirement of LVMH shares	(1,062,271)		(50)	50							-	-	-
Capital increase in subsidiaries											-	3	3
Interim and final dividends paid										(1,579)	(1,579)	(328)	(1,907)
Distribution in kind of Hermès shares. See Note 8.			(1,203)							(5,652)	(6,855)	-	(6,855)
Changes in control of consolidated entities										(5)	(5)	11	6
Acquisition and disposal of minority interests' shares										(2)	(2)	32	30
Purchase commitments for minority interests' shares										(48)	(48)	(73)	(121)
As of December 31, 2014	507,711,713	152	2,655	(374)	492	207	14	931	(133)	17,819	21,763	1,240	23,003
Gains and losses recognized in equity					645	(103)	(25)	33	25	-	575	130	705
Net profit										3,573	3,573	428	4,001
Comprehensive income		-	-	-	645	(103)	(25)	33	25	3,573	4,148	558	4,706
Stock option plan and similar expenses										35	35	2	37
(Acquisition)/disposal of treasury shares and LVMH-share settled derivatives				23						(13)	10	-	10
Exercise of LVMH share subscription options	552,137		35								35	-	35
Retirement of LVMH shares	(1,124,740)		(111)	111							-	-	-
Capital increase in subsidiaries											-	89	89
Interim and final dividends paid										(1,659)	(1,659)	(229)	(1,888)
Changes in control of consolidated entities										(9)	(9)	1	(8)
Acquisition and disposal of minority interests' shares										5	5	(3)	2
Purchase commitments for minority interests' shares										11	11	(198)	(187)
As of December 31, 2015	507,139,110	152	2,579	(240)	1,137	104	(11)	964	(108)	19,762	24,339	1,460	25,799

CONSOLIDATED CASH FLOW STATEMENT

<i>(EUR millions)</i>	Notes	2015	2014	2013
I. OPERATING ACTIVITIES AND OPERATING INVESTMENTS				
Operating profit		6,384	5,431	5,898
Income/(loss) and dividends from joint-ventures and associates	7	27	26	49
Net increase in depreciation, amortization and provisions		2,081	1,895	1,435
Other computed expenses		(456)	(188)	(29)
Other adjustments		(91)	(84)	(76)
Cash from operations before changes in working capital		7,945	7,080	7,277
Cost of net financial debt: interest paid		(75)	(116)	(111)
Income taxes paid related to interim and final dividends paid by LVMH SE		(1,807)	(1,639)	(1,832)
Net cash from operating activities before changes in working capital		6,063	5,325	5,334
Change in working capital	14.1	(429)	(718)	(620)
Net cash from operating activities		5,634	4,607	4,714
Operating investments	14.2	(1,955)	(1,775)	(1,657)
Net cash from operating activities and operating investments (free cash flow)		3,679	2,832	3,057
II. FINANCIAL INVESTMENTS				
Purchase of non-current available for sale financial assets	8	(78)	(57)	(197)
Proceeds from sale of non-current available for sale financial assets	8	68	160	38
Dividends received	8	4	69	71
Income taxes paid related to financial investments		(265)	(237)	(11)
Impact of purchase and sale of consolidated investments	2	(240)	(167)	(2,161)
Net cash from (used in) financial investments		(511)	(232)	(2,260)
III. TRANSACTIONS RELATING TO EQUITY				
Capital increases of LVMH SE	15.1	35	59	66
Capital increases of subsidiaries subscribed by minority interests	17	81	3	7
Acquisition and disposals of treasury shares and LVMH-share settled derivatives	15.2	1	1	(113)
Interim and final dividends paid by LVMH SE ^(a)	15.3	(1,671)	(1,619)	(1,501)
Income taxes paid related to interim and final dividends paid		(304)	(79)	(137)
Interim and final dividends paid to minority interests in consolidated subsidiaries	17	(228)	(336)	(220)
Purchase and proceeds from sale of minority interests		(4)	10	(150)
Net cash from (used in) transactions relating to equity		(2,090)	(1,961)	(2,048)
Change in cash before financing activities		1,078	639	(1,251)
IV. FINANCING ACTIVITIES				
Proceeds from borrowings		1,008	2,407	3,095
Repayment of borrowings		(2,443)	(2,100)	(1,057)
Purchase and proceeds from sale of current available for sale financial assets	13	(3)	(106)	101
Net cash from (used in) financing activities		(1,438)	201	2,139
V. EFFECT OF EXCHANGE RATE CHANGES				
		(33)	27	47
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)		(393)	867	935
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	14	3,783	2,916	1,981
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14	3,390	3,783	2,916
TOTAL INCOME TAXES PAID		(2,376)	(1,955)	(1,980)
Transactions included in the table above, generating no change in cash:				
- acquisition of assets by means of finance leases		4	5	7

(a) The distribution in kind of Hermès shares had no impact on cash, apart from related income tax effects. See Note 8.

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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1. ACCOUNTING POLICIES

1.1. General framework and environment

The consolidated financial statements for the year ended December 31, 2015 were established in accordance with international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and applicable on December 31, 2015. These standards and interpretations have been applied consistently to the fiscal years presented. The 2015 consolidated financial statements were approved for publication by the Board of Directors on February 2, 2016.

1.2. Changes in the accounting framework applicable to LVMH

Standards, amendments and interpretations for which application became mandatory in 2015

The standards applicable to LVMH with effect from January 1, 2015 are:

- the amendment to IAS 19 relating to the recognition of employee contributions to post-employment benefits;
- IFRIC Interpretation 21 on the accounting for levies.

The application of these standards did not have a material impact on the Group's financial statements.

Standards, amendments and interpretations for which application is mandatory with effect from January 1, 2016

The amendments to IAS 16 and IAS 41 for biological assets are the only new standards applicable to LVMH with effect from January 1, 2016. The application of these amendments will not have any impact on the Group's financial statements since LVMH does not revalue these assets, given that their market value differs little from their historical cost (see Note 1.13).

1.3. First-time adoption of IFRS

The first accounts prepared by the Group in accordance with IFRS were the financial statements for the year ended December 31, 2005, with a transition date of January 1, 2004. IFRS 1 allowed for exceptions to the retrospective application of IFRS at the transition date. The procedures implemented by the Group with respect to these exceptions are listed below:

- business combinations: the exemption from retrospective application was not applied. The recognition of the merger of Moët Hennessy and Louis Vuitton in 1987 and all subsequent

1.4. Presentation of financial statements

Definitions of Profit from recurring operations and Other operating income and expenses

The Group's main business is the management and development of its brands and trade names. Profit from recurring operations is derived from these activities, whether they are recurring or non-recurring, core or incidental transactions.

The consolidated financial statements presented are "condensed", which means that they only include notes that are significant or facilitate understanding of changes in the Group's business activity and financial position during the year. They are extracted from the consolidated financial statements approved by the Board of Directors which include all of the notes to the financial statements required under IFRS, as adopted in the European Union.

Other changes in the accounting framework and standards for which application is mandatory with effect later than January 1, 2016

The Group receives information on the progress of ongoing discussions held at IFRIC and IASB related to the recognition of purchase commitments for minority interests' shares and changes in their amount. See Note 1.12 for a description of the recognition method applied by LVMH to these commitments.

The impact of the application of IFRS 15 on revenue recognition with effect from January 1, 2018 is being assessed. It should be of little significance in light of the nature of the Group's business activities. The impact of the application of IFRS 9 on financial instruments with effect from January 1, 2018 is also being assessed.

The impact of the application of IFRS 16 related to leases with effect from January 1, 2019 (subject to its adoption by European Union) will be assessed in 2016.

acquisitions were restated in accordance with IFRS 3; IAS 36 Impairment of Assets and IAS 38 Intangible Assets were applied retrospectively as of this date;

- foreign currency translation of the financial statements of subsidiaries outside the euro zone: translation reserves relating to the consolidation of subsidiaries that prepare their accounts in foreign currency were reset to zero as of January 1, 2004 and offset against "Other reserves".

Other operating income and expenses comprise income statement items which, due to their nature, amount or frequency, may not be considered as inherent to the Group's recurring operations. This caption reflects in particular the impact of changes in the scope of consolidation and the impairment of brands, trade names and goodwill, as well as any significant amount of gains

or losses arising on the disposal of fixed assets, restructuring costs, costs in respect of disputes, or any other non-recurring income or expense which may otherwise distort the comparability of profit from recurring operations from one period to the next.

Cash flow statement

Net cash from operating activities is determined on the basis of operating profit, adjusted for non-cash transactions. Additionally, from December 31, 2014:

- dividends received are presented according to the nature of the underlying investments; thus, dividends from joint ventures and associates are presented in Net cash from operating activities, while dividends from other unconsolidated entities are presented in Net cash from financial investments;

1.5. Use of estimates

For the purpose of preparing the consolidated financial statements, measurement of certain balance sheet and income statement items requires the use of hypotheses, estimates or other forms of judgment. This is particularly true of the valuation of intangible assets (see Note 5), purchase commitments for minority interests (see Note 20) and of the determination of the amount of provisions for contingencies and losses (see Note 19) or for

1.6. Methods of consolidation

The subsidiaries in which the Group holds a direct or indirect *de facto* or *de jure* controlling interest are fully consolidated.

Jointly controlled companies and companies where the Group has significant influence but no controlling interest are accounted for using the equity method. Although jointly controlled, those entities are fully integrated within the Group's operating activities. LVMH now discloses their net profit, as well as that

1.7. Foreign currency translation of the financial statements of entities outside the euro zone

The consolidated financial statements are stated in euros; the financial statements of entities stated in a different functional currency are translated into euros:

- at the period-end exchange rates for balance sheet items;

1.8. Foreign currency transactions and hedging of exchange rate risks

Transactions of consolidated companies denominated in a currency other than their functional currencies are translated to their functional currencies at the exchange rates prevailing at the transaction dates.

Accounts receivable, accounts payable and debts denominated in currencies other than the entities' functional currencies are

- tax paid is presented according to the nature of the transaction from which it arises: in Net cash from operating activities for the portion attributable to operating transactions; in Net cash from financial investments for the portion attributable to transactions in available for sale financial assets, notably tax paid on gains from their sale; in Net cash from transactions relating to equity for the portion attributable to transactions in equity, notably distribution taxes arising on the payment of dividends.

The cash flow statement for the fiscal year ended December 31, 2013 has been restated to reflect this new presentation of dividends received and tax paid (previously presented in Net cash from operating activities).

impairment of inventories (see Note 10) and, if applicable, deferred tax assets (see Note 27). Such hypotheses, estimates or other forms of judgment which are undertaken on the basis of the information available, or situations prevalent at the date of preparation of the financial statements, may prove different from the subsequent actual events.

of entities using the equity method for previous closings (see Note 7), in a separate line, which forms part of profit from recurring operations.

The assets, liabilities, income, and expenses of the Wines and Spirits distribution subsidiaries held jointly with the Diageo group are consolidated only in proportion to the LVMH group's share of operations (see Note 1.25).

- at the average rates for the period for income statement items.

Translation adjustments arising from the application of these rates are recorded in equity under "Cumulative translation adjustment".

translated at the applicable exchange rates at the balance sheet date. Unrealized gains and losses resulting from this translation are recognized:

- within cost of sales in the case of commercial transactions;
- within net financial income/expense in the case of financial transactions.

Foreign exchange gains and losses arising from the translation or elimination of inter-company transactions or receivables and payables denominated in currencies other than the entity's functional currency are recorded in the income statement unless they relate to long-term inter-company financing transactions which can be considered as transactions relating to equity. In the latter case, translation adjustments are recorded in equity under "Cumulative translation adjustment".

Derivatives which are designated as hedges of commercial transactions denominated in a currency other than the functional currency of the entity are recognized in the balance sheet at their market value (see Note 1.9) at the balance sheet date and any change in the market value of such derivatives is recognized:

- within cost of sales for the effective portion of hedges of receivables and payables recognized in the balance sheet at the end of the period;
- within equity (as "Revaluation reserves") for the effective portion of hedges of future cash flows (this part is transferred

to cost of sales at the time of recognition of the hedged assets and liabilities);

- within net financial income/expense for the ineffective portion of hedges; changes in the value of discount and premium associated with forward contracts, as well as in the time value component of options, are systematically considered as ineffective portions.

When derivatives are designated as hedges of subsidiaries' equity denominated in a functional currency other than the euro (net investment hedge), any change in fair value of the derivatives is recognized within equity under "Cumulative translation adjustment" for the effective portion and within net financial income/expense for the ineffective portion.

Market value changes of derivatives not designated as hedges are recorded within net financial income/expense.

See also Note 1.21 regarding the definition of the concepts of effective and ineffective portions.

1.9. Fair value measurement

Fair value (or market value) is the price that would be obtained from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants.

The assets and liabilities measured at fair value at each balance sheet date are as follows:

	Approaches to determining fair value	Amounts recorded at balance sheet date
Vineyard land	Based on recent transactions in similar assets. See Note 1.13.	Note 6
Grape harvests	Based on purchase prices for equivalent grapes. See Note 1.16.	Note 10
Derivatives	Based on market data and according to commonly used valuation models. See Note 1.21.	Note 22.4
Borrowings hedged against changes in value due to interest rate fluctuations	Based on market data and according to commonly used valuation models. See Note 1.20.	Note 18
Liabilities in respect of purchase commitments for minority interests' shares priced according to fair value	Generally, based on the market multiples of comparable companies. See Note 1.12.	Note 20
Available for sale financial assets	Quoted investments: price quotations at the close of trading on the balance sheet date. Non-quoted investments: estimated net realizable value, either according to formulas based on market data or based on private quotations. See Note 1.15.	Note 8, Note 13
Other current and non-current assets, trade accounts receivable (Loans and receivables)	Using the effective interest rate method. See Note 1.17.	Note 9, Note 11, Note 12
Trade accounts payable, other current and non-current liabilities, excluding commitments to purchase minority interests (Financial liabilities)	Using the effective interest rate method.	Note 20, Note 21
Cash and cash equivalents	Closing price quotation. See Note 1.18.	Note 14

No other asset or liability has been remeasured at market value at the balance sheet date.

1.10. Brands, trade names and other intangible assets

Only acquired brands and trade names that are well known and individually identifiable are recorded as assets based on their market values at their dates of acquisition.

Brands and trade names are chiefly valued using the method of the forecast discounted cash flows, or of comparable transactions (i.e. using the revenue and net profit coefficients employed for recent transactions involving similar brands), or of stock market multiples observed for related businesses. Other complementary methods may also be employed: the relief from royalty method, involving equating a brand's value with the present value of the royalties required to be paid for its use; the margin differential method, applicable when a measurable difference can be identified in the amount of revenue generated by a branded product in comparison with a similar unbranded product; and finally the equivalent brand reconstitution method involving, in particular, estimation of the amount of advertising and promotion expenses required to generate a similar brand.

Costs incurred in creating a new brand or developing an existing brand are expensed.

Brands, trade names and other intangible assets with finite useful lives are amortized over their estimated useful lives. The classification of a brand or trade name as an asset of definite or indefinite useful life is generally based on the following criteria:

- the brand or trade name's positioning in its market expressed in terms of volume of activity, international presence and notoriety;
- its expected long-term profitability;

- its degree of exposure to changes in the economic environment;
- any major event within its business segment liable to compromise its future development;
- its age.

Amortizable lives of brands and trade names with definite useful lives range from 15 to 40 years, depending on their estimated period of utilization.

Any impairment expense of brands and trade names and, in some cases, amortization expense, are recognized within "Other operating income and expenses".

Impairment tests are carried out for brands, trade names and other intangible assets using the methodology described in Note 1.14.

Research expenditure is not capitalized. New product development expenditure is not capitalized unless the final decision to launch the product has been taken.

Intangible assets other than brands and trade names are amortized over the following periods:

- leasehold rights, key money: based on market conditions, generally over the lease period;
- rights attached to sponsorship agreements and media partnerships: over the life of the agreements, depending on how the rights are used;
- development expenditure: three years at most;
- software: one to five years.

1.11. Changes in the percentage interest in consolidated entities

When the Group takes *de jure* or *de facto* control of a business, its assets, liabilities and contingent liabilities are estimated at their market value as of the date when control is obtained and the difference between the cost of taking control and the Group's share of the market value of those assets, liabilities and contingent liabilities is recognized as goodwill.

The cost of taking control is the price paid by the Group in the context of an acquisition, or an estimate of this price if the transaction is carried out without any payment of cash, excluding acquisition costs which are disclosed under "Other operating income and expenses".

The difference between the carrying amount of minority interests purchased after control is obtained and the price paid for their acquisition is deducted from equity.

Goodwill is accounted for in the functional currency of the acquired entity.

Goodwill is not amortized but is subject to annual impairment testing using the methodology described in Note 1.14. Any impairment expense recognized is included within "Other operating income and expenses".

1.12. Purchase commitments for minority interests

The Group has granted put options to minority shareholders of certain fully consolidated subsidiaries.

Pending specific guidance from IFRSs regarding this issue, the Group recognizes these commitments as follows:

- the value of the commitment at the balance sheet date appears in “Other non-current liabilities”;
- the corresponding minority interests are cancelled;

1.13. Property, plant and equipment

With the exception of vineyard land, the gross value of property, plant and equipment is stated at acquisition cost. Any borrowing costs incurred prior to the placed-in-service date or during the construction period of assets are capitalized.

Vineyard land is recognized at the market value at the balance sheet date. This valuation is based on official published data for recent transactions in the same region. Any difference compared to historical cost is recognized within equity in “Revaluation reserves”. If market value falls below acquisition cost the resulting impairment is charged to the income statement.

Vines for champagnes, cognacs and other wines produced by the Group, are considered as biological assets as defined in IAS 41 Agriculture. As their valuation at market value differs little from that recognized at historical cost, no revaluation is undertaken for these assets.

Buildings mostly occupied by third parties are reported as investment property, at acquisition cost. Investment property is thus not remeasured at market value.

1.14. Impairment testing of fixed assets

Intangible and tangible fixed assets are subject to impairment testing whenever there is any indication that an asset may be impaired, and in any event at least annually in the case of intangible assets with indefinite useful lives (mainly brands, trade names and goodwill). When the carrying amount of assets with indefinite useful lives is greater than the higher of their value in use or market value, the resulting impairment loss is recognized within “Other operating income and expenses”, allocated on a priority basis to any existing goodwill.

Value in use is based on the present value of the cash flows expected to be generated by these assets. Market value is estimated by comparison with recent similar transactions or on the basis of valuations performed by independent experts for the purposes of a disposal transaction.

Cash flows are forecast for each business segment, defined as one or several brands or trade names under the responsibility

- for commitments granted prior to January 1, 2010, the difference between the amount of the commitments and cancelled minority interests is maintained as an asset on the balance sheet under goodwill, as well as subsequent changes in this difference. For commitments granted as from January 1, 2010, the difference between the amount of the commitments and minority interests is recorded in equity, under “Other reserves”.

This accounting policy has no effect on the presentation of minority interests within the income statement.

Assets acquired under finance leases are capitalized on the basis of the lower of their market value and the present value of future lease payments.

The depreciable amount of property, plant and equipment comprises the acquisition cost of their components less residual value, which corresponds to the estimated disposal price of the asset at the end of its useful life.

Property, plant and equipment is depreciated on a straight-line basis over its estimated useful life; the estimated useful lives are as follows:

- buildings, including investment property	20 to 50 years
- machinery and equipment	3 to 25 years
- leasehold improvements	3 to 10 years
- producing vineyards	18 to 25 years

Expenses for maintenance and repairs are charged to the income statement as incurred.

of a dedicated management team. Smaller scale cash generating units, e.g. a group of stores, may be distinguished within a particular business segment.

The forecast data required for the cash flow method is based on annual budgets and multi-year business plans prepared by management of the related business segments. Detailed forecasts cover a five-year period, a period which may be extended in the case of certain brands undergoing strategic repositioning, or which have a production cycle exceeding five years. An estimated terminal value is added to the value resulting from discounted forecast cash flows which corresponds to the capitalization in perpetuity of cash flows most often arising from the last year of the plan. When several forecast scenarios are developed, the probability of occurrence of each scenario is assessed. Forecast cash flows are discounted on the basis of the rate of return to be expected by an investor in the applicable business and an assessment of the risk premium associated with that business.

1.15. Available for sale financial assets

Financial assets are classified as current or non-current based on their nature.

Non-current available for sale financial assets comprise strategic and non-strategic investments whose estimated period and form of ownership justify such classification.

Current available for sale financial assets include temporary investments in shares, shares of SICAVs, FCPs and other mutual funds, excluding investments made as part of the daily cash management, which are accounted for as “Cash and cash equivalents” (see Note 1.18).

1.16. Inventories and work in progress

Inventories other than wine produced by the Group are recorded at the lower of cost (excluding interest expense) and net realizable value; cost comprises manufacturing cost (finished goods) or purchase price, plus incidental costs (raw materials, merchandise).

Wine produced by the Group, especially champagne, is measured on the basis of the applicable harvest market value, which is determined by reference to the average purchase price of equivalent grapes, as if the grapes harvested had been purchased from third parties. Until the date of the harvest, the value of grapes is calculated *pro rata temporis* on the basis of the estimated yield and market value.

1.17. Trade accounts receivable, loans and other receivables

Trade accounts receivable, loans and other receivables are recorded at their face value. A provision for impairment is recorded if their net realizable value, based on the probability of their collection, is less than their carrying amount.

1.18. Cash and cash equivalents

Cash and cash equivalents comprise cash and highly liquid money-market investments subject to an insignificant risk of changes in value over time.

Available for sale financial assets are measured at their listed value at the balance sheet date in the case of quoted investments, and at their estimated net realizable value at that date in the case of unquoted investments.

Positive or negative changes in value are taken to equity within “Revaluation reserves”. If an impairment loss is judged to be definitive, an impairment is recognized and charged to net financial income/expense; the impairment is only reversed through the income statement at the time of sale of the underlying available for sale financial assets.

Inventories are valued using the weighted average cost or FIFO method, depending on the type of business.

Due to the length of the aging process required for champagne and spirits (cognac, whisky), the holding period for these inventories generally exceeds one year. However, in accordance with industry practices, these inventories are classified as current assets.

Provisions for impairment of inventories are chiefly recognized for businesses other than Wines and Spirits. They are generally required because of product obsolescence (end of season or collection, date of expiry, etc.) or lack of sales prospects.

The amount of long-term loans and receivables (i.e. those falling due in more than one year) is subject to discounting, the effects of which are recognized under net financial income/expense, using the effective interest rate method.

Money-market investments are measured at their market value, based on price quotations at the close of trading and on the exchange rate prevailing at the balance sheet date, with any changes in value recognized as part of net financial income/expense.

1.19. Provisions

A provision is recognized whenever an obligation exists towards a third party resulting in a probable disbursement for the Group, the amount of which may be reliably estimated.

1.20. Borrowings

Borrowings are measured at amortized cost, i.e. nominal value net of premium and issue expenses, which are charged progressively to net financial income/expense using the effective interest method.

In the case of hedging against fluctuations in the value of borrowings resulting from changes in interest rates, both the hedged amount of borrowings and the related hedging instruments are measured at their market value at the balance sheet date, with any changes in those values recognized within net financial income/expense. Market value of hedged borrowings is determined using similar methods to those described hereafter in Note 1.21.

In the case of hedging against fluctuations in future interest payments, the related borrowings remain measured at their amortized cost while any changes in value of the effective hedge portions are taken to equity as part of revaluation reserves.

1.21. Derivatives

The Group enters into derivative transactions as part of its strategy for hedging foreign exchange and interest rate risks.

IAS 39 subordinates the use of hedge accounting to demonstration and documentation of the effectiveness of hedging relationships when hedges are implemented and subsequently throughout their existence. A hedge is considered to be effective if the ratio of changes in the value of the derivative to changes in the value of the hedged underlying remains within a range of 80 to 125%.

1.22. Treasury shares and LVMH-share-settled derivatives

LVMH shares and options to purchase LVMH shares that are held by the Group are measured at their acquisition cost and recognized as a deduction from consolidated equity, irrespective of the purpose for which they are held.

When execution of its obligation is expected to occur in more than one year, the provision amount is discounted, the effects of which are recognized in net financial income/expense using the effective interest rate method.

Changes in value of non-hedging derivatives, and of the ineffective portions of hedges, are recognized within net financial income/expense.

Financial debt bearing embedded derivatives is measured at market value; changes in market value are recognized within net financial income/expense.

Net financial debt comprises short and long-term borrowings, the market value at the balance sheet date of interest rate derivatives, less the amount at the balance sheet date of current available for sale financial assets, cash and cash equivalents, in addition to the market value at the balance sheet date of foreign exchange derivatives related to any of the aforementioned items.

See also Note 1.21 regarding the definition of the concepts of effective and ineffective portions.

Derivatives are recognized in the balance sheet at their market value at the balance sheet date. Changes in their value are accounted for as described in Note 1.8 in the case of foreign exchange hedges, and as described in Note 1.20 in the case of interest rate hedges.

Market value is based on market data and on commonly used valuation models and may be confirmed in the case of complex instruments by reference to values quoted by independent financial institutions.

Derivatives with maturities in excess of twelve months are disclosed as non-current assets and liabilities.

In the event of disposal, the cost of the shares disposed of is determined by allocation category (see Note 15.2) using the FIFO method with the exception of shares held under stock option plans for which the calculation is performed for each plan using the weighted average cost method. Gains and losses on disposal, net of income taxes, are taken directly to equity.

1.23. Pensions, contribution to medical costs and other employee benefit commitments

When retirement indemnity plans, pension plans, contribution to medical costs and other commitments entail the payment by the Group of contributions to third party organizations which assume the exclusive responsibility for subsequently paying the retirement indemnities, pensions or contribution to medical costs, these contributions are expensed in the period in which they fall due with no liability recorded on the balance sheet.

When retirement indemnity plans, pension plans, contribution to medical costs and other commitments are to be borne by the Group, a provision is recorded in the balance sheet in the amount of the corresponding actuarial commitment for the Group. Changes in this provision are recognized as follows:

- the portion related to the cost of services rendered by employees and net interest for the fiscal year is recognized in profit (loss) from recurring operations for the fiscal year;

- the portion related to changes in actuarial assumptions and to differences between projected and actual data (experience adjustments) is recognized in gains and losses taken to equity, in accordance with the amendment to IAS 19 applicable from January 1, 2013.

If this commitment is either partially or wholly funded by payments made by the Group to external financial organizations, these dedicated funds are deducted from the actuarial commitment recorded in the balance sheet.

The actuarial commitment is calculated based on assessments that are specifically designed for the country and the Group company concerned. In particular, these assessments include assumptions regarding discount rates, salary increases, inflation, life expectancy and staff turnover.

1.24. Current and deferred tax

The tax expense comprises current tax payable by consolidated companies and deferred tax resulting from temporary differences.

Deferred tax is recognized in respect of temporary differences arising between the value of assets and liabilities for purposes of consolidation and the value resulting from application of tax regulations.

Deferred tax is measured on the basis of the income tax rates enacted at the balance sheet date; the effect of changes in rates is recognized during the periods in which changes are enacted.

Future tax savings from tax losses carried forward are recorded as deferred tax assets on the balance sheet which are impaired if they are deemed not recoverable; only amounts for which future use is deemed probable are recognized.

Deferred tax assets and liabilities are not discounted.

Taxes payable in respect of the distribution of retained earnings of subsidiaries give rise to provisions if distribution is deemed probable.

1.25. Revenue recognition

Definition of revenue

Revenue mainly comprises retail sale within the Group's store network and sales through agents and distributors. Sales made in stores owned by third parties are treated as retail transactions if the risks and rewards of ownership of the inventories are retained by the Group.

Direct sales to customers are made through retail stores in Fashion and Leather Goods and Selective Retailing, as well as certain Watches and Jewelry and Perfumes and Cosmetics brands. These sales are recognized at the time of purchase by retail customers.

Wholesale sales concern Wines and Spirits, as well as certain Perfumes and Cosmetics and Watches and Jewelry brands. The Group recognizes revenue when title transfers to third party customers, generally upon shipment.

Revenue includes shipment and transportation costs re-billed to customers only when these costs are included in products' selling prices as a lump sum.

Revenue is presented net of all forms of discount. In particular, payments made in order to have products referenced or, in accordance with agreements, to participate in advertising campaigns with the distributors, are deducted from related revenue.

Provisions for product returns

Perfumes and Cosmetics and, to a lesser extent, Fashion and Leather Goods and Watches and Jewelry companies may accept the return of unsold or outdated products from their customers and distributors.

Where this practice is applied, revenue and the corresponding trade receivables are reduced by the estimated amount of such returns, and a corresponding entry is made to inventories. The estimated rate of returns is based on statistics of historical returns.

Businesses undertaken in partnership with Diageo

A significant proportion of revenue for the Group's Wines and Spirits businesses is generated within the framework of distribution agreements with Diageo generally taking the form of shared entities which sell and deliver both groups' products to customers. According to those agreements, the assets, liabilities, income, and expenses of such entities are consolidated only in proportion to the Group's share of operations. The application of IFRS 11 from January 1, 2014 did not have any impact on this method.

1.26. Advertising and promotion expenses

Advertising and promotion expenses include the costs of producing advertising media, purchasing media space, manufacturing samples and publishing catalogs, and in general, the cost of all activities designed to promote the Group's brands and products.

1.27. Stock option and similar plans

Share purchase and subscription option plans give rise to recognition of an expense based on the amortization of the expected gain to the beneficiaries calculated according to the Black & Scholes method on the basis of the closing share price on the day before the Board Meeting at which the plan is instituted.

For bonus share plans, the expected gain is calculated on the basis of the closing share price on the day before the Board Meeting at which the plan is instituted, less the amount of dividends expected to accrue during the vesting period. A discount may be applied to the value of the bonus shares thus calculated to account for a period of non-transferability, where applicable.

1.28. Earnings per share

Earnings per share are calculated based on the weighted average number of shares in circulation during the period, excluding treasury shares.

Diluted earnings per share are calculated based on the weighted average number of shares before dilution and adding the weighted average number of shares that would result from the

Advertising and promotion expenses are recorded upon receipt or production of goods or upon completion of services rendered.

For all plans, the amortization expense is apportioned on a straight-line basis in the income statement over the vesting period, with a corresponding impact on reserves in the balance sheet.

For cash-settled compensation plans index-linked to the change in LVMH share price, the gain over the vesting period is estimated at each balance sheet date based on the LVMH share price at that date, and is charged to the income statement on a pro rata basis over the vesting period, with a corresponding balance sheet impact on provisions. Between that date and the settlement date, the change in the expected gain resulting from the change in the LVMH share price is recorded in the income statement.

exercise of existing subscription options during the period or any other diluting instrument. It is assumed for the purposes of this calculation that the funds received from the exercise of options, plus the amount not yet expensed for stock option and similar plans (see Note 1.27), would be employed to repurchase LVMH shares at a price corresponding to their average trading price over the fiscal year.

2. CHANGES IN THE PERCENTAGE INTEREST IN CONSOLIDATED ENTITIES

Selective Distribution

In July 2015, Sephora acquired a 95% equity interest in the e-commerce site Luxola, which is present in nine countries of South-East Asia.

Other activities

In October 2015, LVMH acquired a 100% equity interest in Le Parisien-Aujourd'hui en France. The acquisition comprises the publishing, printing and sales activities of this newspaper and the weekly Le Parisien Magazine.

See also Note 7 regarding in the percentage interest in joint ventures and associates.

3. BRANDS, TRADE NAMES AND OTHER INTANGIBLE ASSETS

<i>(EUR millions)</i>			2015	2014	2013
	Gross	Amortization and impairment	Net	Net	Net
Brands	10,805	(601)	10,204	9,957	9,866
Trade names	4,033	(1,663)	2,370	2,155	1,933
License rights	94	(76)	18	19	20
Leasehold rights	652	(318)	334	344	320
Software, websites	1,239	(920)	319	278	235
Other	724	(397)	327	278	222
Total	17,547	(3,975)	13,572	13,031	12,596
<i>Of which: assets held under finance leases</i>	14	(14)	-	-	-

Movements during the fiscal year ended December 31, 2015 in the net amounts of brands, trade names and other intangible assets were as follows:

Gross value <i>(EUR millions)</i>	Brands	Trade names	Software, websites	Leasehold rights	Other intangible assets	Total
As of December 31, 2014	10,519	3,651	1,049	624	694	16,537
Acquisitions	-	-	119	36	161	316
Disposals and retirements	-	-	(19)	(23)	(41)	(83)
Changes in the scope of consolidation	26	-	17	4	9	56
Translation adjustment	260	382	29	9	28	708
Reclassifications	-	-	44	2	(33)	13
As of December 31, 2015	10,805	4,033	1,239	652	818	17,547

Accumulated amortization and impairment <i>(EUR millions)</i>	Brands	Trade names	Software, websites	Leasehold rights	Other intangible assets	Total
As of December 31, 2014	(562)	(1,496)	(771)	(280)	(397)	(3,506)
Amortization expense	(19)	(1)	(133)	(40)	(104)	(297)
Impairment expense	-	-	(1)	(3)	-	(4)
Disposals and retirements	-	-	19	9	42	70
Changes in the scope of consolidation	-	-	(14)	-	(4)	(18)
Translation adjustment	(20)	(166)	(19)	(3)	(15)	(223)
Reclassifications	-	-	(1)	(1)	5	3
As of December 31, 2015	(601)	(1,663)	(920)	(318)	(473)	(3,975)
Net carrying amount as of December 31, 2015	10,204	2,370	319	334	345	13,572

Translation adjustments arose mainly on intangible assets recognized in US dollars and in Swiss francs, based on fluctuations in the exchange rate between these currencies and the euro by the close of the fiscal year. This affected in particular the

DFS Galleria trade name and the Donna Karan brand, as regards fluctuations relative to the US dollar and the TAG Heuer and Hublot brands as regards fluctuations relative to the Swiss franc.

4. GOODWILL

(EUR millions)	2015			2014	2013
	Gross	Impairment	Net	Net	Net
Goodwill arising on consolidated investments	7,944	(1,721)	6,223	6,119	6,199
Goodwill arising on purchase commitments for minority interests	3,899	-	3,899	2,691	2,859
Total	11,843	(1,721)	10,122	8,810	9,058

Changes in net goodwill during the fiscal years presented break down as follows:

(EUR millions)	2015			2014	2013
	Gross	Impairment	Net	Net	Net
As of January 1	10,320	(1,510)	8,810	9,058	7,708
Changes in the scope of consolidation (See Note 2)	111	-	111	81	1,142
Changes in purchase commitments for minority interests	1,195	-	1,195	(162)	294
Changes in impairment	-	(116)	(116)	(209)	(57)
Translation adjustment	217	(95)	122	42	(29)
As of December 31	11,843	(1,721)	10,122	8,810	9,058

Changes in the scope of consolidation in fiscal year 2015 were mainly related to the acquisition of the newspaper Le Parisien-Aujourd'hui en France and the 95% stake in Luxola.

Translation adjustments arose mainly on goodwill recognized in US dollars and in Swiss francs, based on the appreciation of these currencies relative to the euro by the fiscal year-end.

This affected Benefit, Starboard Cruise Services and Donna Karan as regards US dollars, and TAG Heuer and Hublot as regards Swiss francs.

Please refer also to Note 20 for goodwill arising on purchase commitments for minority interests.

5. IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Brands, trade names, and other intangible assets with indefinite useful lives were subject to impairment testing as of December 31, 2015, according to which no significant risk of impairment was identified. See Note 25 regarding the impairment and amortization expense recorded during the fiscal year.

6. PROPERTY, PLANT AND EQUIPMENT

(EUR millions)	2015			2014	2013
	Gross	Depreciation and impairment	Net	Net	Net
Land	1,311	(75)	1,236	1,104	1,055
Vineyard land and producing vineyards	2,538	(97)	2,441	2,364	2,294
Buildings	3,194	(1,509)	1,685	1,430	1,311
Investment property	610	(48)	562	632	605
Leasehold improvements, machinery and equipment	9,522	(6,346)	3,176	3,014	2,593
Assets in progress	759	(4)	755	684	800
Other tangible fixed assets	1,727	(425)	1,302	1,159	963
Total	19,661	(8,504)	11,157	10,387	9,621
<i>Of which: assets held under finance leases</i>	<i>291</i>	<i>(199)</i>	<i>92</i>	<i>99</i>	<i>105</i>
<i>historical cost of vineyard land and producing vineyards</i>	<i>739</i>	<i>(97)</i>	<i>642</i>	<i>631</i>	<i>537</i>

Movements in property, plant and equipment during the fiscal year break down as follows:

Gross value (EUR millions)	Vineyard land and producing vineyards	Land and buildings	Investment property	Leasehold improvements, machinery and equipment			Assets in progress	Other tangible fixed assets	Total
				Stores	Production, logistics	Other			
As of December 31, 2014	2,455	3,952	679	5,167	1,995	1,238	688	1,592	17,766
Acquisitions	5	241	5	474	102	97	602	213	1,739
Change in the market value of vineyard land	64	-	-	-	-	-	-	-	64
Disposals and retirements	(2)	(59)	-	(347)	(43)	(81)	(2)	(33)	(567)
Changes in the scope of consolidation	-	1	-	1	38	15	(29)	-	26
Translation adjustment	-	165	27	302	27	55	34	27	637
Other movements, including transfers	16	205	(101)	593	34	(145)	(534)	(72)	(4)
As of December 31, 2015	2,538	4,505	610	6,190	2,153	1,179	759	1,727	19,661

Depreciation and impairment (EUR millions)	Vineyard land and producing vineyards	Land and buildings	Investment property	Leasehold improvements, machinery and equipment			Assets in progress	Other tangible fixed assets	Total
				Stores	Production, logistics	Other			
As of December 31, 2014	(91)	(1,418)	(47)	(3,194)	(1,354)	(838)	(4)	(433)	(7,379)
Depreciation expense	(6)	(160)	(3)	(787)	(128)	(118)	-	(64)	(1,266)
Impairment expense	-	(14)	-	(1)	-	-	(1)	-	(16)
Disposals and retirements	-	58	-	344	42	79	1	34	558
Changes in the scope of consolidation	-	(1)	-	-	(37)	(13)	-	-	(51)
Translation adjustment	-	(64)	(1)	(197)	(18)	(39)	-	(21)	(340)
Other movements, including transfers	-	15	3	(184)	8	89	-	59	(10)
As of December 31, 2015	(97)	(1,584)	(48)	(4,019)	(1,487)	(840)	(4)	(425)	(8,504)
Net carrying amount as of December 31, 2015	2,441	2,921	562	2,171	666	339	755	1,302	11,157

Other tangible fixed assets include in particular the works of art owned by the Group.

Purchases of property, plant and equipment include investments by Sephora, Louis Vuitton, DFS, and Bvlgari in their retail networks, investments by Parfums Christian Dior in new counters, and investments by the champagne houses and Hennessy in their production equipment, as well as investments in real estate for administrative use, sales operations or rental purposes.

Translation adjustments arose mainly on property, plant and equipment recognized in US dollars, based on fluctuations in the US dollar to euro exchange rate as of December 31, 2015.

The impact of marking vineyard land to market was 1,799 million euros as of December 31, 2015 (1,733 million euros as of December 31, 2014; 1,757 million euros as of December 31, 2013). See Notes 1.9 and 1.13 on the measurement method for vineyard land.

The market value of investment property, according to appraisals by independent third parties, was 1 billion euros as of December 31, 2015. The valuation methods used are based on market data.

7. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

(EUR millions)	2015				2014		2013	
	Gross	Impairment	Net	Of which joint arrangements	Net	Of which joint arrangements	Net	Of which joint arrangements
Share of net assets of joint ventures and associates as of January 1	519	-	519	351	480	328	483	320
Share of net profit (loss) for the period	(13)	-	(13)	(4)	(5)	(15)	(23)	(31)
Dividends paid	(14)	-	(14)	(6)	(21)	(5)	(26)	(11)
Changes in the scope of consolidation	212	-	212	-	7	-	6	-
Capital increases subscribed	3	-	3	3	16	11	38	38
Translation adjustment	5	-	5	4	8	4	(17)	(3)
Other movements, including transfers	17	-	17	5	34	28	19	15
Share of net assets of joint ventures and associates as of December 31	729	-	729	353	519	351	480	328

As of December 31, 2015, investments in joint ventures and associates consisted primarily of:

- for joint arrangements:
 - a 50% equity stake in the Château Cheval Blanc wine estate (Gironde, France), which produces the eponymous Saint-Émilion Grand Cru Classé A;
 - a 50% equity stake in De Beers Diamond Jewellers, whose network of boutiques sells the De Beers brand jewelry;
 - a 50% equity stake in Montres Dior, which designs and manufactures Dior watches. See also Note 32.1.
- for other companies:
 - a 40% equity stake in Mongoual SA, a real estate company which owns an office building in Paris (France), which is the head office of LVMH Moët Hennessy - Louis Vuitton;
 - a 45% equity stake in PT. Sona Topas Tourism Industry Tbk (STTI), an Indonesian retail company, which notably holds duty-free sales licenses in airports;
 - a 46% equity stake in JW Anderson, a London-based ready-to-wear brand acquired in September 2013;
 - a 41.7% equity stake in Repossi, an Italian jewelry brand, acquired in November 2015;
 - a 35.8% equity stake in L Catterton, an investment fund management company created in December 2015 in partnership with Catterton.

8. NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

(EUR millions)	2015			2014	2013
	Gross	Impairment	Net	Net	Net
Total	777	(203)	574	580	7,080

Non-current available for sale financial assets changed as follows during the fiscal years presented:

(EUR millions)	2015	2014	2013
As of January 1	580	7,080	6,004
Acquisitions	74	50	197
Disposals at net realized value	(68)	(160)	(38)
Changes in market value	(3)	455	941
Distribution in kind of Hermès shares	-	(6,797)	-
Changes in impairment	(22)	(12)	(5)
Changes in the scope of consolidation	-	-	1
Translation adjustment	31	33	(11)
Reclassifications	(18)	(69)	(9)
As of December 31	574	580	7,080

9. OTHER NON-CURRENT ASSETS

(EUR millions)	2015	2014	2013
Warranty deposits	273	236	223
Derivatives	60	75	68
Loans and receivables	187	156	151
Other	32	22	15
Total	552	489	457

10. INVENTORIES AND WORK IN PROGRESS

(EUR millions)	2015			2014	2013
	Gross	Impairment	Net	Net	Net
Wines and <i>eaux-de-vie</i> in the process of aging	4,224	(11)	4,213	4,002	3,717
Other raw materials and work in progress	1,471	(336)	1,135	1,273	1,157
	5,695	(347)	5,348	5,275	4,874
Goods purchased for resale	1,760	(188)	1,572	1,323	1,163
Finished products	3,971	(795)	3,176	2,877	2,455
	5,731	(983)	4,748	4,200	3,618
Total	11,426	(1,330)	10,096	9,475	8,492

The net change in inventories for the fiscal years presented breaks down as follows:

<i>(EUR millions)</i>	2015			2014	2013
	Gross	Impairment	Net	Net	Net
As of January 1	10,700	(1,225)	9,475	8,492	7,994
Change in gross inventories	569	-	569	929	769
Effect of provision for returns ^(a)	(2)	-	(2)	12	(5)
Impact of marking harvests to market	(16)	-	(16)	(7)	2
Changes in impairment	-	(317)	(317)	(313)	(242)
Changes in the scope of consolidation	6	-	6	10	292
Translation adjustment	459	(78)	381	347	(297)
Other, including reclassifications	(291)	291	-	5	(21)
As of December 31	11,425	(1,329)	10,096	9,475	8,492

[a] See Note 1.25.

Changes in the scope of consolidation in 2013 were mainly related to the consolidation of Loro Piana.

Translation adjustments arose mainly on inventories recognized in US dollars, based on the appreciation of the US dollar relative to the euro over the fiscal year.

The effects of marking harvests to market on Wines and Spirits' cost of sales and value of inventory are as follows:

<i>(EUR millions)</i>	2015	2014	2013
Effect of marking the period's harvest to market	18	24	37
Effect of inventory sold during the period	(34)	(31)	(35)
Net effect on cost of sales of the period	(16)	(7)	2
Net effect on the value of inventory as of period-end	150	166	173

See Notes 1.9 and 1.16 on the method of marking harvests to market.

11. TRADE ACCOUNTS RECEIVABLE

<i>(EUR millions)</i>	2015	2014	2013
Trade accounts receivable, nominal amount	2,820	2,546	2,416
Provision for impairment	(64)	(66)	(67)
Provision for product returns ^(a)	(235)	(206)	(175)
Net amount	2,521	2,274	2,174

[a] See Note 1.25.

The change in trade accounts receivable for the fiscal years presented breaks down as follows:

<i>(EUR millions)</i>			2015	2014	2013
	Gross	Impairment	Net	Net	Net
As of January 1	2,546	(272)	2,274	2,174	1,972
Changes in gross receivables	46	-	46	30	291
Changes in provision for impairment	-	-	-	(5)	(4)
Changes in provision for product returns	-	(20)	(20)	(25)	(1)
Changes in the scope of consolidation	142	(1)	141	5	50
Translation adjustment	96	(8)	88	62	(136)
Reclassifications	(10)	2	(8)	33	2
As of December 31	2,820	(299)	2,521	2,274	2,174

The trade accounts receivable balance is comprised primarily of receivables from wholesalers or agents, who are limited in number and with whom the Group maintains ongoing relationships for the most part. As of December 31, 2015,

coverage of customer credit risk had been requested from insurers for the majority of trade receivables, approximately 88% of the amount of which was granted, versus 90% from December 31, 2014.

12. OTHER CURRENT ASSETS

<i>(EUR millions)</i>	2015	2014	2013
Current available for sale financial assets	385	253	171
Derivatives	297	304	494
Tax accounts receivable, excluding income taxes	602	449	355
Advances and payments on account to vendors	159	162	173
Prepaid expenses	357	313	283
Other receivables	555	435	380
Total	2,355	1,916	1,856

Please also refer to Note 13 Current available for sale financial assets and Note 22 Financial instruments and market risk management.

13. CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

<i>(EUR millions)</i>	2015	2014	2013
Unlisted securities, shares in non-money market SICAVs and funds	-	-	12
Listed securities	385	253	159
Total	385	253	171
<i>Of which: historical cost of current available for sale financial assets</i>	<i>393</i>	<i>180</i>	<i>136</i>

The net value of current available for sale financial assets changed as follows during the periods presented:

<i>(EUR millions)</i>	2015	2014	2013
As of January 1	253	171	177
Acquisitions	377	-	-
Disposals at net realized value	(241)	(15)	(27)
Changes in market value	(29)	39	22
Changes in impairment	7	-	-
Changes in the scope of consolidation	-	-	-
Translation adjustment	-	-	(1)
Reclassifications	18	58	-
As of December 31	385	253	171

The market value of current available for sale financial assets is determined using the methods described in Note 1.9. See also Note 22.2 for the breakdown of these assets according to the

measurement methods used and Note 1.15 for the method used to determine impairment losses on current available for sale financial assets.

14. CASH AND CASH EQUIVALENTS

<i>(EUR millions)</i>	2015	2014	2013
Fixed term deposits (less than 3 months)	808	1,270	809
SICAV and FCP money market funds	577	784	538
Ordinary bank accounts	2,209	2,037	1,879
Cash and cash equivalents per balance sheet	3,594	4,091	3,226

The reconciliation between cash and cash equivalents as shown in the balance sheet and net cash and cash equivalents appearing in the cash flow statement is as follows:

<i>(EUR millions)</i>	2015	2014	2013
Cash and cash equivalents	3,594	4,091	3,226
Bank overdrafts	(204)	(308)	(310)
Net cash and cash equivalents per cash flow statement	3,390	3,783	2,916

14.1. Change in working capital

The change in working capital breaks down as follows for the fiscal years presented:

<i>(EUR millions)</i>	Notes	2015	2014	2013
Change in inventories and work in progress	10	(569)	(928)	(769)
Change in trade accounts receivable ^(a)	11	(49)	(22)	(288)
Change in trade accounts payable	21	93	176	203
Change in other receivables and payables		96	56	234
Change in working capital^(b)		(429)	(718)	(620)

(a) Including a negative effect of 3 million euros related to amounts owed to customers (8 million euros as of December 31, 2014; 1 million euros as of December 31, 2013).

(b) Increase/(Decrease) in cash and cash equivalents.

14.2. Operating investments

Operating investments comprise the following elements for the fiscal years presented:

<i>(EUR millions)</i>	Notes	2015	2014	2013
Purchase of intangible fixed assets	3	(316)	(316)	(253)
Purchase of tangible fixed assets	6	(1,739)	(1,532)	(1,581)
Changes in accounts payable related to fixed asset purchases		81	78	108
Net cash used in purchases of fixed assets^(a)		(1,974)	(1,770)	(1,726)
Net cash from fixed assets disposals ^(a)		41	45	98
Guarantee deposits paid and other cash flows related to operating investments		(22)	(50)	(29)
Operating investments		(1,955)	(1,775)	(1,657)

(a) Increase/(Decrease) in cash and cash equivalents.

15. EQUITY

15.1. Share capital and share premium account

As of December 31, 2015, issued and fully paid-up shares totaled 507,139,110 (507,711,713 shares as of December 31, 2014 and 507,793,661 shares as of December 31, 2013), with a par value of 0.30 euros per share, including 229,780,453 shares with

double voting rights (226,167,633 as of December 31, 2014 and 224,907,923 as of December 31, 2013). Double voting rights are attached to registered shares held for more than three years.

Changes in the share capital and share premium account, in value and in terms of number of shares, break down as follows:

<i>(EUR millions)</i>				2015	2014	2013
	Number			Amount	Amount	Amount
		Share capital	Share premium account	Total		
As of January 1	507,711,713	152	2,655	2,807	4,001	4,000
Exercise of share subscription options	552,137	-	35	35	59	67
Distribution in kind of Hermès shares	-	-	-	-	(1,203)	-
Retirement of shares	(1,124,740)	-	(111)	(111)	(50)	(66)
As of December 31	507,139,110	152	2,579	2,731	2,807	4,001

15.2. LVMH treasury shares

The portfolio of LVMH treasury shares is allocated as follows:

<i>(EUR millions)</i>	2015		2014	2013
	Number	Amount	Amount	Amount
Share subscription option plans	2,979,961	140	156	203
Share purchase option plans	-	-	-	-
Bonus share plans	1,264,960	86	102	101
Other plans	-	-	8	39
Shares held for stock option and similar plans^(a)	4,244,921	226	266	343
Liquidity contract	95,000	14	13	13
Shares pending retirement	-	-	95	95
LVMH shares	4,339,921	240	374	451

[a] See Note 16 regarding stock option and similar plans.

“Other plans” correspond to future plans.

The market value of LVMH shares held under the liquidity contract as of December 31, 2015 amounts to 14 million euros.

The portfolio movements of LVMH treasury shares in fiscal year 2015 were as follows:

<i>(EUR millions)</i>	Number	Amount	Effect on cash
As of December 31, 2014	5,851,370	374	
Share purchases	1,799,806	281	(281)
Bonus shares definitively allocated	(386,709)	(24)	-
Retirement of shares	(1,124,740)	(111)	-
Proceeds from disposal at net realized value	(1,799,806)	(283)	282
Gain/(loss) on disposal	-	3	-
As of December 31, 2015	4,339,921	240	1

15.3. Dividends paid by the parent company LVMH SE

In accordance with French regulations, dividends are taken from the profit for the fiscal year and reserves available for distribution of the parent company, after deducting applicable withholding tax and the value attributable to treasury shares.

As of December 31, 2015, the amount available for distribution was 13,501 million euros; after taking into account the proposed dividend distribution in respect of the 2015 fiscal year, the amount available for distribution is 12,385 million euros.

<i>(EUR millions, except for data per share in EUR)</i>	2015	2014	2013
Interim dividend for the current fiscal year (2015: 1.35 euro; 2014: 1.25 euro; 2013: 1.10 euro)	685	634	609
Distribution in kind of Hermès shares	-	6,855	-
Impact of treasury shares	(6)	(7)	(9)
Gross amount disbursed for the fiscal year	679	7,482	600
Final dividend for the previous fiscal year (2014: 1.95 euro; 2013: 1.90 euro; 2012: 1.80 euro)	998	965	914
Impact of treasury shares	(18)	(13)	(14)
Gross amount disbursed for the previous fiscal year	980	952	900
Total gross amount disbursed during the period^(a)	1,659	8,434	1,500

[a] Excludes the impact of tax regulations applicable to the beneficiary.

The final dividend for fiscal year 2015, as proposed to the Shareholders' Meeting of April 14, 2016, is 2.20 euros per share, representing a total amount of 1,116 million euros, excluding

the amount to be deducted in relation to treasury shares held at date of payment.

15.4. Cumulative translation adjustment

The change in the translation adjustment recognized under equity, Group share net of hedging effects of net assets denominated in foreign currency, breaks down as follows by currency:

<i>(EUR millions)</i>	2015	Change	2014	2013
US dollar	486	339	147	(203)
Swiss franc	733	283	450	406
Japanese yen	79	27	52	52
Hong Kong dollar	454	228	226	(15)
Pound sterling	36	42	(6)	(52)
Other currencies	(133)	(54)	(79)	(67)
Foreign currency net investment hedges	(518)	(220)	(298)	(129)
Total, Group share	1,137	645	492	(8)

16. STOCK OPTION AND SIMILAR PLANS

16.1. Share subscription option plans

The number of unexercised purchase options and the weighted average exercise price changed as follows during the fiscal years presented:

	2015		2014		2013	
	Number	Weighted average exercise price <i>(EUR)</i>	Number	Weighted average exercise price <i>(EUR)</i>	Number	Weighted average exercise price <i>(EUR)</i>
Share subscription options outstanding as of January 1	3,384,313	66.15	4,177,489	69.97	5,229,396	68.86
Options expired	(11,026)	55.46	(152,815)	58.42	(26,489)	63.56
Adjustments made following the distribution in kind of Hermès shares	-	-	339,962	(7.33)	-	-
Options exercised	(552,137)	63.06	(980,323)	60.71	(1,025,418)	64.52
Share subscription options outstanding as of December 31	2,821,150	55.68	3,384,313	66.15	4,177,489	69.97

16.2. Bonus share plans

The number of subscription options not exercised changed as follows over the course of the fiscal years presented:

<i>(number of shares)</i>	2015	2014	2013
Non-vested shares as of January 1	1,492,627	1,484,118	1,273,136
Non-vested allocations during the period	388,794	368,548	436,434
Adjustment made following the distribution in kind of Hermès shares	-	159,417	-
Allocations vested during the period	(386,709)	(478,278)	(193,440)
Allocations expired during the period	(38,644)	(41,178)	(32,012)
Non-vested shares as of December 31	1,456,068	1,492,627	1,484,118

Vested share allocations were settled in existing shares held.

16.3. Expense for the period

<i>(EUR millions)</i>	2015	2014	2013
Expense for the period for share subscription option plans and bonus share plans	37	39	34

See Note 1.27 regarding the method used to determine the accounting expense.

The LVMH share closing price the day before the grant date of the plan amounted to 171.20 euros for the plan instituted on April 16, 2015 and 158.05 euros for the plan instituted on October 22, 2015.

At the time of these allocations, the average unit value of non-vested bonus shares granted in 2015 was 146.96 euros for beneficiaries who are French residents for tax purposes and 144.94 euros for beneficiaries with their tax residence outside France.

17. MINORITY INTERESTS

<i>(EUR millions)</i>	2015	2014	2013
As of January 1	1,240	1,028	1,084
Minority interests' share of net profit	428	457	511
Dividends paid to minority interests	(229)	(328)	(228)
Effects of changes in control of consolidated entities:			
- consolidation of Loro Piana	-	-	235
- other movements	1	11	(1)
Effects of acquisition and disposal of minority interests' shares:			
- acquisition of minority interests in Château d'Yquem	-	-	(51)
- other movements	(3)	32	(25)
Total effects of changes in the percentage interest in consolidated entities	(2)	43	158
Capital increases subscribed by minority interests	89	3	8
Minority interests' share in gains and losses recognized in equity	130	108	21
Minority interests' share in stock option plan expenses	2	2	3
Effects of changes in minority interests subject to purchase commitments	(198)	(73)	(529)
As of December 31	1,460	1,240	1,028

The change in minority interests' share in gains and losses recognized in equity breaks down as follows:

<i>(EUR millions)</i>	Cumulative translation adjustment	Hedges of future foreign currency cash flows	Vineyard land	Revaluation adjustments of employee benefits	Total share of minority interests
As of December 31, 2012	(35)	11	162	(16)	122
Changes for the fiscal year	(44)	4	54	7	21
As of December 31, 2013	(79)	15	216	(9)	143
Changes for the fiscal year	138	(14)	(3)	(13)	108
As of December 31, 2014	59	1	213	(22)	251
Changes for the period	121	(2)	10	1	130
As of December 31, 2015	180	(1)	223	(21)	381

Minority interests are composed primarily of Diageo's 34% stake in Moët Hennessy. Diageo's stake in Moët Hennessy may be assessed using the revenue, operating profit, and core assets of the Wines and Spirits business group, which are presented in Note 23. Since the 34% stake held by Diageo in Moët Hennessy is subject to a purchase commitment, it is reclassified

at year-end under Other non-current liabilities and is therefore excluded from the total amount of minority interests at the fiscal year-end date. See Notes 1.12 and 20.

There is also a minority interest of 39% held by Mr. Miller in DFS, which is part of the Selective Retailing business group.

18. BORROWINGS

18.1. Net financial debt

<i>(EUR millions)</i>	2015	2014	2013
Bonds and Euro Medium Term Notes (EMTN)	4,202	4,794	3,866
Bank borrowings and finance lease	309	260	283
Long term borrowings	4,511	5,054	4,149
Bonds and Euro Medium Term Notes (EMTN)	710	925	1,013
Commercial paper	2,281	2,004	2,348
Bank overdrafts	204	308	310
Other short term borrowings	574	952	1,003
Short term borrowings	3,769	4,189	4,674
Gross amount of borrowings	8,280	9,243	8,823
Interest rate risk derivatives	(66)	(94)	(117)
Gross borrowings after derivatives	8,214	9,149	8,706
Current available for sale financial assets	(385)	(253)	(171)
Cash and cash equivalents	(3,594)	(4,091)	(3,226)
Net financial debt	4,235	4,805	5,309

In 2015, the 250 million euro and 500 million euro bonds issued in 2009 and 2011 respectively, and the 200 million Swiss franc bond issued in 2008 were repaid.

Net financial debt does not take into consideration purchase commitments for minority interests included in "Other non-current liabilities" (see Note 20).

18.2. Analysis of gross borrowings by payment date and by type of interest rate

		Gross borrowings			Effects of derivatives			Gross borrowings after derivatives		
		Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
Maturity:										
	2016	2,767	1,002	3,769	1	(6)	(5)	2,768	996	3,764
	2017	1,443	65	1,508	(1,408)	1,384	(24)	35	1,449	1,484
	2018	596	-	596	-	(5)	(5)	596	(5)	591
	2019	714	300	1,014	(351)	339	(12)	363	639	1,002
	2020	607	-	607	(401)	394	(7)	206	394	600
	2021	664	-	664	(650)	637	(13)	14	637	651
	Thereafter	122	-	122	-	-	-	122	-	122
Total		6,913	1,367	8,280	(2,809)	2,743	(66)	4,104	4,110	8,214

See Note 22.3 regarding the market value of interest rate risk derivatives.

The breakdown by quarter of gross borrowings falling due in 2016 is as follows:

	Falling due in 2016
First quarter	2,569
Second quarter	385
Third quarter	718
Fourth quarter	97
Total	3,769

18.3. Analysis of gross borrowings by currency after derivatives

	2015	2014	2013
Euro	6,302	7,033	6,899
US dollar	366	226	106
Swiss franc	909	995	970
Japanese yen	228	229	222
Other currencies	409	666	509
Total	8,214	9,149	8,706

In general, the purpose of foreign currency borrowings is to hedge the net foreign currency-denominated assets of consolidated companies located outside of the euro zone.

19. PROVISIONS

<i>(EUR millions)</i>	2015	2014	2013
Provisions for pensions, medical costs and similar commitments	632	640	452
Provisions for contingencies and losses	1,297	1,618	1,332
Provisions for reorganization	21	33	13
Non-current provisions	1,950	2,291	1,797
Provisions for pensions, medical costs and similar commitments	4	3	5
Provisions for contingencies and losses	353	314	291
Provisions for reorganization	64	15	28
Current provisions	421	332	324
Total	2,371	2,623	2,121

In fiscal year 2015, the changes in provisions were as follows:

<i>(EUR millions)</i>	Dec. 31, 2014	Increases	Amounts used	Amounts released	Changes in the scope of consolidation	Other items (including translation adjustment)	Dec. 31, 2015
Provisions for pensions, medical costs and similar commitments	643	104	(91)	(9)	10	(21)	636
Provisions for contingencies and losses	1,932	411	(636)	(105)	9	39	1,650
Provisions for reorganization	48	74	(47)	(4)	12	2	85
Total	2,623	589	(774)	(118)	31	20	2,371
<i>of which: profit from recurring operations</i>		354	(179)	(85)			
<i>net financial income (expense)</i>		6	-	-			
<i>other</i>		229	(595)	(33)			

Provisions for contingencies and losses correspond to the estimate of the impact on assets and liabilities of risks, disputes, or actual or probable litigation arising from the Group's activities; such activities are carried out worldwide, within what is often an imprecise regulatory framework that is different for each country, changes over time, and applies to areas ranging from product composition to the tax computation.

In particular, the Group's entities in France and abroad may be subject to tax inspections and, in certain cases, to rectification claims from local administrations. These rectification claims, together with any uncertain tax positions that have been identified but not yet officially reassessed, give rise to appropriate provisions, the amount of which is regularly reviewed in accordance with the criteria of IAS 37 Provisions and IAS 12 Income Taxes. Changes in provisions mainly reflect the resolution of certain discussions with the tax authorities, customs or others, both in France and abroad.

20. OTHER NON-CURRENT LIABILITIES

<i>(EUR millions)</i>	2015	2014	2013
Purchase commitments for minority interests	7,421	6,008	6,035
Derivatives (see Note 22)	2	16	51
Employee profit sharing	93	88	85
Other liabilities	441	335	233
Total	7,957	6,447	6,404

As of December 31, 2015, 2014 and 2013, purchase commitments for minority interests mainly include the put option granted to Diageo plc for its 34% share in Moët Hennessy, with six-months' advance notice and for 80% of the fair value of Moët Hennessy at the exercise date of the commitment. With regard to this commitment's valuation, the fair value was determined by applying the share price multiples of comparable firms to Moët Hennessy's consolidated operating results.

Moët Hennessy SNC and Moët Hennessy International SAS ("Moët Hennessy") hold the LVMH group's investments in the Wines and Spirits businesses, with the exception of the equity investments in Château d'Yquem, Château Cheval Blanc and Clos des Lambrays, and excluding certain Champagne vineyards.

Purchase commitments for minority interests also include commitments relating to minority shareholders in Loro Piana (20%, see Note 2), Ile de Beauté (35%), Heng Long (35%) and distribution subsidiaries in various countries, mainly in the Middle East.

21. TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

21.1. Trade accounts payable

The change in trade accounts payable breaks down follows:

<i>(EUR millions)</i>	2015	2014	2013
As of January 1	3,606	3,297	3,118
Changes in trade accounts payable	93	176	203
Changes in credit trade accounts receivable	(3)	8	1
Changes in the scope of consolidation	129	5	112
Translation adjustment	133	109	(99)
Reclassifications	2	11	(38)
As of December 31	3,960	3,606	3,297

21.2. Other current liabilities

<i>(EUR millions)</i>	2015	2014	2013
Derivatives (see Note 22)	185	274	76
Employees and social institutions	1,260	1,110	1,007
Employee profit sharing	98	74	84
Taxes other than income taxes	553	458	405
Advances and payments on account from customers	205	184	158
Deferred payment for tangible and financial non-current assets	504	433	404
Deferred income	208	190	156
Other liabilities	896	776	697
Total	3,909	3,499	2,987

22. FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT

22.1. Organization of foreign exchange, interest rate and equity market risk management

Financial instruments are mainly used by the Group to hedge risks arising from Group activity and protect its assets.

The management of foreign exchange and interest rate risk, in addition to transactions involving shares and financial instruments, is centralized.

The Group has implemented a stringent policy, as well as rigorous management guidelines to manage, measure, and monitor these market risks.

These activities are organized based on a segregation of duties between risk measurement, hedging (front office), administration (back office) and financial control.

The backbone of this organization is an integrated information system which allows hedging transactions to be monitored quickly.

The Group's hedging strategy is presented to the Audit Committee. Hedging decisions are made according to an established process that includes regular presentations to the Group's Executive Committee and detailed documentation.

Counterparties are selected based on their rating and in accordance with the Group's risk diversification strategy.

22.2. Summary of derivatives

Derivatives are recorded in the balance sheet for the amounts and in the captions detailed as follows:

<i>(EUR millions)</i>		Notes	2015	2014	2013
Interest rate risk	Assets: non-current		57	61	67
	current		14	42	68
	Liabilities: non-current		-	(3)	(9)
	current		(5)	(6)	(9)
		22.3	66	94	117
Foreign exchange risk	Assets: non-current		3	14	1
	current		283	217	389
	Liabilities: non-current		(2)	(13)	(42)
	current		(178)	(268)	(60)
		22.4	106	(50)	288
Other risks	Assets: non-current		-	-	-
	current		-	45	37
	Liabilities: non-current		-	-	-
	current		(2)	-	(7)
			(2)	45	30
Total	Assets: non-current	9	60	75	68
	current	12	297	304	494
	Liabilities: non-current	20	(2)	(16)	(51)
	current	21	(185)	(274)	(76)
			170	89	435

22.3. Derivatives used to manage interest rate risk

The aim of the Group's debt management policy is to adapt the debt maturity profile to the characteristics of the assets held, to contain borrowing costs, and to protect net profit from the effects of significant changes in interest rates.

For these purposes, the Group uses interest rate swaps and options.

Derivatives used to manage interest rate risk outstanding as of December 31, 2015 break down as follows:

(EUR millions)	Nominal amounts by maturity				Market value ^(a) / _(b)		
	Less than one year	One to five years	More than five years	Total	Fair value hedges	Not allocated	Total
Interest rate swaps in euros, floating rate payer	-	2,808	-	2,808	62	-	62
Foreign currency swaps	332	1,242	-	1,574	2	1	3
Other interest rate risk derivatives	500	184	-	684	-	1	1
Total					64	2	66

(a) Gain/(Loss).

(b) See Note 1.9 regarding the methodology used for market value measurement.

22.4. Derivatives used to manage foreign exchange risk

A significant part of Group companies' sales to customers and to their own retail subsidiaries as well as certain purchases are denominated in currencies other than their functional currency; the majority of these foreign currency-denominated cash flows are inter-company cash flows. Hedging instruments are used to reduce the risks arising from the fluctuations of currencies against the exporting and importing companies' functional currencies and are allocated to either accounts receivable or accounts payable (fair value hedges) for the fiscal year, or to transactions anticipated for future periods (cash flow hedges).

Future foreign currency-denominated cash flows are broken down as part of the budget preparation process and are hedged progressively over a period not exceeding one year unless a longer period is justified by probable commitments. As such, and according to market trends, identified foreign exchange risks are hedged using forward contracts or options.

In addition, the Group may also use appropriate financial instruments to hedge the net worth of subsidiaries outside the euro zone, in order to limit the impact of foreign currency fluctuations against the euro on consolidated equity.

Derivatives used to manage foreign exchange risk outstanding as of December 31, 2015 break down as follows:

(EUR millions)	Nominal amounts by fiscal year of allocation				Market value ^{(a)(b)}				
	2015	2016	Beyond	Total	Fair value hedges	Future cash flow hedges	Foreign currency net investment hedges	Not allocated	Total
Options purchased									
Put USD	86	136	-	222	-	1	-	-	1
Put JPY	19	-	-	19	-	-	-	-	-
Put GBP	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
	105	136	-	241	-	1	-	-	1
Collars									
Written USD	7	4,069	-	4,076	-	19	-	-	19
Written JPY	9	747	-	756	-	8	-	-	8
Written Other	30	179	-	209	(1)	7	-	-	6
	46	4,995	-	5,041	(1)	34	-	-	33
Forward exchange contracts^(c)									
USD	(7)	(10)	(2)	(19)	2	2	-	-	4
JPY	(37)	(18)	-	(55)	3	2	-	1	6
GBP	4	10	-	14	1	-	-	-	1
Other	56	(11)	-	45	2	-	-	-	2
	16	(29)	(2)	(15)	8	4	-	1	13
Foreign exchange swaps^(c)									
USD	3,402	-	-	3,402	(47)	-	103	-	56
CHF	425	-	-	425	(2)	-	(27)	-	(29)
GBP	287	-	-	287	10	-	37	-	47
JPY	302	-	-	302	(5)	1	(1)	-	(5)
HKD	180	-	-	180	-	-	(9)	-	(9)
Other	847	50	12	909	2	-	(3)	-	(1)
	5,443	50	12	5,505	(42)	1	100	-	59
Total					(35)	40	100	1	106

(a) Gain/(Loss).

(b) See Note 1.9 regarding the methodology used for market value measurement.

(c) Sale/(Purchase).

22.5. Financial instruments used to manage other risks

The Group's investment policy is designed to take advantage of a long-term investment horizon. Occasionally, the Group may invest in equity-based financial instruments with the aim of enhancing the dynamic management of its investment portfolio.

The Group is exposed to risks of share price changes either directly, as a result of its holding of equity investments and current available for sale financial assets, or indirectly, as a result of its holding of funds which are themselves partially invested in shares.

The Group may also use equity-based derivatives to create synthetically an economic exposure to certain assets, or to hedge cash-settled compensation plans index-linked to the LVMH share price. If applicable, the carrying amount of these unlisted financial instruments corresponds to the estimate of the amount, provided by the counterparty, of the valuation at the balance sheet date. The valuation of financial instruments thus takes into consideration market parameters such as interest rates and share prices.

The Group, mainly through its Watches and Jewelry business group, may be exposed to changes in the prices of certain precious metals, such as gold. In certain cases, in order to ensure visibility with regard to production costs, hedges may be implemented. This is achieved either by negotiating the forecast price of future deliveries of alloys with precious metal refiners, or the price of semi-finished products with producers; or directly by purchasing hedges from top-ranking banks. In the latter case, gold may be purchased from banks, or future and/or

options contracts may be taken out with a physical delivery of the gold. Derivatives outstanding relating to the hedging of precious metal prices as of December 31, 2015 have a negative market value of 2 million euros. Considering nominal values of 145 million euros for those derivatives, a uniform 1% change in their underlying assets' prices as of December 31, 2015 would have a net impact on the Group's consolidated reserves in an amount of less than 1.5 million euros. These instruments mature in 2016.

23. SEGMENT INFORMATION

The Group's brands and trade names are organized into six business groups. Four business groups – Wines and Spirits, Fashion and Leather Goods, Perfumes and Cosmetics and Watches and Jewelry – comprise brands dealing with the same category of products that use similar production and distribution processes. The Selective Retailing business comprises the Group's

own-label retailing activities. Other activities and holding companies comprise brands and businesses that are not associated with any of the above mentioned business groups, most often relating to the Group's new businesses and holding or real estate companies.

23.1. Information by business group

Fiscal year 2015

<i>(EUR millions)</i>	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated ^(a)	Total
Sales outside the Group	4,575	12,333	3,867	3,250	11,206	433	-	35,664
Intra-Group sales	28	36	650	58	27	15	(814)	-
Total revenue	4,603	12,369	4,517	3,308	11,233	448	(814)	35,664
Profit from recurring operations	1,363	3,505	525	432	934	(154)	-	6,605
Other operating income and expenses	(15)	(154)	(3)	(31)	(8)	(10)	-	(221)
Depreciation and amortization expense	(132)	(641)	(183)	(199)	(366)	(42)	-	(1,563)
Impairment expense	(15)	(96)	(1)	-	(5)	(19)	-	(136)
Intangible assets and goodwill ^(b)	4,900	7,207	1,231	5,850	3,560	946	-	23,694
Property, plant and equipment	2,484	2,125	525	501	1,550	3,972	-	11,157
Inventories	4,795	1,566	447	1,361	1,909	230	(212)	10,096
Other operating assets	1,392	874	782	731	761	920	7,194 ^(c)	12,654
Total assets	13,571	11,772	2,985	8,443	7,780	6,068	6,982	57,601
Equity	-	-	-	-	-	-	25,799	25,799
Liabilities	1,426	2,451	1,400	922	2,425	1,131	22,047 ^(d)	31,802
Total liabilities and equity	1,426	2,451	1,400	922	2,425	1,131	47,846	57,601
Operating investments ^(e)	(233)	(553)	(229)	(204)	(399)	(337)	-	(1,955)

Fiscal year 2014

<i>(EUR millions)</i>	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated ^(a)	Total
Sales outside the Group	3,945	10,796	3,368	2,720	9,511	298	-	30,638
Intra-Group sales	28	32	548	62	23	14	(707)	-
Total revenue	3,973	10,828	3,916	2,782	9,534	312	(707)	30,638
Profit from recurring operations	1,147	3,189	415	283	882	(162)	(39)	5,715
Other operating income and expenses	(34)	(110)	(14)	1	(74)	(53)	-	(284)
Depreciation and amortization expense	(119)	(555)	(149)	(171)	(296)	(41)	-	(1,331)
Impairment expense	(22)	(71)	(9)	(1)	(85)	(34)	-	(222)
Intangible assets and goodwill ^(b)	3,758	7,242	1,183	5,635	3,161	862	-	21,841
Property, plant and equipment	2,339	2,165	477	425	1,415	3,566	-	10,387
Inventories	4,567	1,561	398	1,244	1,668	239	(202)	9,475
Other operating assets	1,340	781	664	635	668	608	6,963 ^(c)	11,659
Total assets	12,004	11,749	2,722	7,939	6,912	5,275	6,761	53,362
Equity	-	-	-	-	-	-	23,003	23,003
Liabilities	1,461	2,265	1,325	743	2,053	932	21,580 ^(d)	30,359
Total liabilities and equity	1,461	2,265	1,325	743	2,053	932	44,583	53,362
Operating investments ^(e)	(152)	(585)	(221)	(191)	(389)	(237)	-	(1,775)

Fiscal year 2013

<i>(EUR millions)</i>	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated ^(a)	Total
Sales outside the Group	4,146	9,834	3,230	2,646	8,880	280	-	29,016
Intra-Group sales	27	49	487	51	23	15	(652)	-
Total revenue	4,173	9,883	3,717	2,697	8,903	295	(652)	29,016
Profit from recurring operations	1,367	3,135	414	367	908	(172)	(2)	6,017
Other operating income and expenses	(4)	(63)	(6)	2	(5)	(43)	-	(119)
Depreciation and amortization expense	(109)	(448)	(128)	(139)	(261)	(39)	-	(1,124)
Impairment expense	1	(50)	(1)	-	(7)	(12)	-	(69)
Intangible assets and goodwill ^(b)	3,948	7,213	1,068	5,572	2,989	864	-	21,654
Property, plant and equipment	2,182	2,031	404	390	1,313	3,301	-	9,621
Inventories	4,242	1,371	356	1,079	1,438	160	(154)	8,492
Other operating assets	1,384	738	590	650	552	674	11,822 ^(c)	16,409
Total assets	11,756	11,353	2,418	7,691	6,292	4,999	11,668	56,176
Equity	-	-	-	-	-	-	27,907	27,907
Liabilities	1,296	2,128	1,130	713	1,814	712	20,477 ^(d)	28,269
Total liabilities and equity	1,296	2,128	1,130	713	1,814	712	48,384	56,176
Operating investments ^(e)	(186)	(629)	(229)	(187)	(389)	(37)	-	(1,657)

(a) Eliminations correspond to sales between business groups; these generally consist of sales from business groups other than Selective Retailing to Selective Retailing. Selling prices between the different business groups correspond to the prices applied in the normal course of business for sales transactions to wholesalers or distributors outside the Group.

(b) Intangible assets and goodwill correspond to the net carrying amounts shown under Notes 3 and 4.

(c) Assets not allocated include available for sale financial assets, other financial assets, and income tax receivables. As of December 31, 2013, they included the 23.2% shareholding in Hermès International, representing an amount of 6,437 million euros. The Hermès shares were distributed as an exceptional distribution in kind on December 17, 2014; see Note 8.

(d) Liabilities not allocated include financial debt and both current and deferred tax liabilities.

(e) Increase/(Decrease) in cash and cash equivalents.

23.2. Information by geographic region

Revenue by geographic region of delivery breaks down as follows:

<i>(EUR millions)</i>	2015	2014	2013
France	3,552	3,212	3,118
Europe (excluding France)	6,408	5,830	5,453
United States	9,345	7,262	6,640
Japan	2,487	2,107	2,057
Asia (excluding Japan)	9,636	8,740	8,647
Other	4,236	3,487	3,101
Revenue	35,664	30,638	29,016

Operating investments by geographic region are as follows:

<i>(EUR millions)</i>	2015	2014	2013
France	633	651	585
Europe (excluding France)	385	326	313
United States	336	255	238
Japan	66	50	70
Asia (excluding Japan)	411	387	339
Other	124	106	112
Operating investments	1,955	1,775	1,657

No geographic breakdown of segment assets is provided since a significant portion of these assets consists of brands and goodwill, which must be analyzed on the basis of the revenue generated by these assets in each region, and not in relation to the region of their legal ownership.

23.3. Quarterly information

Quarterly sales by business group break down as follows:

<i>(EUR millions)</i>	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations	Total
First quarter	992	2,975	1,094	723	2,656	90	(207)	8,323
Second quarter	938	2,958	1,065	829	2,635	153	(194)	8,384
Third quarter	1,199	2,939	1,102	852	2,614	83	(208)	8,581
Fourth quarter	1,474	3,497	1,256	904	3,328	122	(205)	10,376
Total 2015	4,603	12,369	4,517	3,308	11,233	448	(814)	35,664
First quarter	888	2,639	941	607	2,222	78	(169)	7,206
Second quarter	789	2,391	898	659	2,160	74	(168)	6,803
Third quarter	948	2,647	961	706	2,234	65	(173)	7,388
Fourth quarter	1,348	3,151	1,116	810	2,918	95	(197)	9,241
Total 2014	3,973	10,828	3,916	2,782	9,534	312	(707)	30,638
First quarter	967	2,383	932	608	2,113	72	(162)	6,913
Second quarter	828	2,328	872	667	2,085	96	(157)	6,719
Third quarter	1,032	2,428	879	655	2,093	56	(153)	6,990
Fourth quarter	1,346	2,744	1,034	767	2,612	71	(180)	8,394
Total 2013	4,173	9,883	3,717	2,697	8,903	295	(652)	29,016

24. EXPENSES BY NATURE

Profit from recurring operations includes the following expenses:

<i>(EUR millions)</i>	2015	2014	2013
Advertising and promotion expenses	4,017	3,484	3,310
Commercial lease expenses	3,388	2,742	2,471
Personnel costs	6,249	5,455	4,980
Research and development expenses	97	79	71

Advertising and promotion expenses mainly consist of the cost of media campaigns and point-of-sale advertising, and also include personnel costs dedicated to this function.

As of December 31, 2015, a total of 3,860 stores were operated by the Group worldwide (3,708 in 2014; 3,384 in 2013), particularly by Fashion and Leather Goods and Selective Retailing.

In certain countries, leases for stores entail the payment of both minimum amounts and variable amounts, especially for stores with lease payments indexed to revenue. The total lease expense for the Group's stores breaks down as follows:

<i>(EUR millions)</i>	2015	2014	2013
Fixed or minimum lease payments	1,619	1,288	1,078
Variable portion of indexed leases	604	412	413
Airport concession fees – fixed portion or minimum amount	594	557	537
Airport concession fees – variable portion	571	485	443
Commercial lease expenses	3,388	2,742	2,471

Personnel costs consist of the following elements:

<i>(EUR millions)</i>	2015	2014	2013
Salaries and social charges	6,122	5,323	4,858
Pensions, contribution to medical costs and expenses in respect of defined benefit plans	90	93	88
Stock option plan and related expenses	37	39	34
Personnel costs	6,249	5,455	4,980

25. OTHER OPERATING INCOME AND EXPENSES

<i>(EUR millions)</i>	2015	2014	2013
Net gains (losses) on disposals of fixed assets	1	1	7
Restructuring costs	(98)	(36)	(14)
Transaction costs relating to the acquisition of consolidated companies	(2)	(8)	(21)
Impairment or amortization of brands, trade names, goodwill and other property	(136)	(246)	(88)
Other items, net	14	5	(3)
Other operating income and expenses	(221)	(284)	(119)

Impairment and amortization expenses are mostly for brands and goodwill.

Restructuring costs mainly concern Fashion and Leather Goods and Watches and Jewelry businesses.

26. NET FINANCIAL INCOME/(EXPENSE)

<i>(EUR millions)</i>	2015	2014	2013
Borrowing costs	(111)	(144)	(138)
Income from cash, cash equivalents and current available for sale financial assets	33	30	30
Fair value adjustment of borrowings and interest rate hedges	-	(1)	7
Cost of net financial debt	(78)	(115)	(101)
Dividends received from non-current available for sale financial assets	4	74	71
Ineffective portion of foreign currency hedges	(437)	(238)	(159)
Net gain/(loss) related to available for sale financial assets and other financial instruments	129	3,263	23
Other items, net	(32)	(37)	(32)
Other financial income/(expenses)	(336)	3,062	(97)
Net financial income/(expense)	(414)	2,947	(198)

Income from cash, cash equivalents and current available for sale financial assets comprises the following items:

<i>(EUR millions)</i>	2015	2014	2013
Income from cash and cash equivalents	18	18	20
Interest from current available for sale financial assets	15	12	10
Income from cash, cash equivalents and current available for sale financial assets	33	30	30

The ineffective portion of exchange rate derivatives breaks down as follows:

<i>(EUR millions)</i>	2015	2014	2013
Ineffective portion of commercial foreign exchange derivatives	(378)	(222)	(146)
Ineffective portion of foreign exchange derivatives related to net investments denominated in foreign currency	(2)	6	(6)
Ineffective portion of other foreign exchange derivatives	(57)	(22)	(7)
Ineffective portion of foreign exchange derivatives	(437)	(238)	(159)

In 2015, the net gain/(loss) related to available for sale financial assets and other financial instruments was mainly due to capital gains arising on the sale of available for sale financial assets.

In 2014, the net gain/(loss) related to available for sale financial assets and other financial instruments consisted mainly of the 3,189 million euro capital gain recognized following the exceptional distribution in kind of Hermès shares.

27. INCOME TAXES

<i>(EUR millions)</i>	2015	2014	2013
Current income taxes for the fiscal year	(2,245)	(2,458)	(1,958)
Current income taxes relating to previous fiscal years	32	30	13
Current income taxes	(2,213)	(2,428)	(1,945)
Change in deferred income taxes	137	153	185
Impact of changes in tax rates on deferred taxes	107	2	7
Deferred income taxes	244	155	192
Total tax expense per income statement	(1,969)	(2,273)	(1,753)
Tax on items recognized in equity	121	406	(249)

Total income tax expense for the fiscal year includes 69 million euros (54 million euros in 2014; 41 million euros in 2013) in respect of the exceptional contribution applicable in France

from 2011 to 2015 (10.7% of the corporate income tax due for fiscal years 2015, 2014 and 2013).

28. EARNINGS PER SHARE

	2015	2014	2013
Net profit, Group share (EUR millions)	3,573	5,648	3,436
Average number of shares in circulation during the fiscal year	507,543,064	507,978,312	507,997,567
Average number of treasury shares owned during the fiscal year	(5,147,573)	(6,668,943)	(7,714,153)
Average number of shares on which the calculation before dilution is based	502,395,491	501,309,369	500,283,414
Basic Group share of profit per share (EUR)	7.11	11.27	6.87
Average number of shares on which the above calculation is based	502,395,491	501,309,369	500,283,414
Dilution effect of stock option plans	2,499,455	2,552,364	2,934,083
Other dilution effects	-	-	-
Average number of shares on which the calculation after dilution is based	504,894,946	503,861,733	503,217,497
Diluted Group share of profit per share (EUR)	7.08	11.21	6.83

In 2014, the impact of the distribution in kind of Hermès shares on the Group's net profit (see Note 8) was 2,677 million euros, i.e. 5.34 euros per share (5.31 euros after dilution).

As of December 31, 2015, all of the instruments in circulation that may dilute earnings per share have been taken into consideration when determining the impact of dilution, given that all of the outstanding subscription options are considered

to be available to be exercised at that date, since the LVMH share price is higher than the exercise price of these options.

No events occurred between December 31, 2015 and the date on which the financial statements were approved for publication that would have significantly affected the number of shares outstanding or the potential number of shares.

29. PROVISIONS FOR PENSIONS, CONTRIBUTION TO MEDICAL COSTS AND OTHER EMPLOYEE BENEFIT COMMITMENTS

The expense recognized in the fiscal years presented for retirement benefit obligations, contribution to medical costs, and other employee benefit commitments is as follows:

(EUR millions)	2015	2014	2013
Service cost	98	76	79
Net interest cost	15	13	15
Actuarial gains and losses	3	4	2
Changes in regimes	(20)	-	(8)
Total expense for the period for defined benefit plans	96	93	88

30. OFF-BALANCE SHEET COMMITMENTS

30.1. Purchase commitments

(EUR millions)	2015	2014	2013
Grapes, wines and <i>eaux-de-vie</i>	2,043	1,706	994
Other purchase commitments for raw materials	94	69	110
Industrial and commercial fixed assets	808	458	379
Investments in joint venture shares and non-current available for sale financial assets	86	99	98

Some Wines and Spirits companies have contractual purchase arrangements with various local producers for the future supply of grapes, still wines and *eaux-de-vie*. These commitments are

valued, depending on the nature of the purchases, on the basis of the contractual terms or known year-end prices and estimated production yields.

As of December 31, 2015, the maturity schedule of these commitments is as follows:

(EUR millions)	Less than one year	One to five years	More than five years	Total
Grapes, wines and <i>eaux-de-vie</i>	746	1,219	78	2,043
Other purchase commitments for raw materials	69	21	4	94
Industrial and commercial fixed assets	706	98	4	808
Investments in joint venture shares and non-current available for sale financial assets	20	52	14	86

30.2. Lease and similar commitments

In connection with its business activities, the Group enters into agreements for the rental of premises or airport concession contracts. The Group also finances a portion of its equipment through long-term operating leases.

The fixed minimum portion of commitments in respect of the irrevocable period of operating lease or concession contracts were as follows as of December 31, 2015:

(EUR millions)	2015	2014	2013
Less than one year	1,860	1,658	1,394
One to five years	4,599	3,788	3,572
More than five years	3,021	1,952	1,854
Commitments given for operating leases and concessions	9,480	7,398	6,820
Less than one year	18	13	10
One to five years	14	16	14
More than five years	2	-	-
Commitments received for sub-leases	34	29	24

In addition, the Group may enter into operating leases or concession contracts that have variable guaranteed amounts. For example, in June 2012, DFS was awarded three additional five-year concessions at Hong Kong International Airport. The

concession agreement provides for the payment of a variable concession fee which is dependent notably on the number of passengers using the airport. In 2015, the amount of this fee was about 440 million euros.

30.3. Collateral and other guarantees

As of December 31, 2015, these commitments break down as follows:

<i>(EUR millions)</i>	2015	2014	2013
Securities and deposits	455	366	412
Other guarantees	136	88	90
Guarantees given	591	454	502
Guarantees received	28	27	28

Maturity dates of these commitments are as follows:

<i>(EUR millions)</i>	Less than one year	One to five years	More than five years	Total
Securities and deposits	218	228	9	455
Other guarantees	55	66	15	136
Guarantees given	273	294	24	591
Guarantees received	11	6	11	28

30.4. Other commitments

The Group is not aware of any significant off-balance sheet commitments other than those described above.

31. EXCEPTIONAL EVENTS AND LITIGATION

On December 17, 2012, the Mayor of Paris granted two distinct building permits authorizing the architectural project for the restructuring and reconstruction of the former La Samaritaine department stores 2 (Seine block) and 4 (Rivoli block). Both of these permits were the subject of an action for cancellation before the Paris Administrative Court (Tribunal administratif de Paris). On April 11, 2014, the Paris Administrative Court rejected the action for cancellation filed against the building permit authorizing the restructuring of former department store 2, which is registered as a Historic Monument (Seine block). That first permit thereby became definitive. On May 13, 2014, the Paris Administrative Court cancelled the second building

permit order authorizing the partial demolition of former department store 4 and the reconstruction of a contemporary building designed by the architectural firm SANAA (Rivoli block). The company Grands Magasins de La Samaritaine and the City of Paris filed an appeal against this judgment. On January 5, 2015, the Paris Administrative Court of Appeal (Cour administrative d'appel de Paris) dismissed their appeals. La Samaritaine and the City of Paris filed a cassation appeal before the Council of State (Conseil d'État), which in a judgment dated June 19, 2015, overturned the judgment of the Administrative Court of Appeal, thereby definitively validating the second building permit.

32. SUBSEQUENT EVENTS

No significant subsequent events occurred between December 31, 2015 and February 2, 2016, the date on which the financial statements were approved for publication by the Board of Directors.

SIMPLIFIED ACCOUNTING INFORMATION OF LVMH MOËT HENNESSY-LOUIS VUITTON SE

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CHANGE IN EQUITY	64

Income statement. Change in equity

INCOME STATEMENT

Income/(Expenses)	2015	2014
<i>(EUR millions - French accounting principles)</i>		
Financial income from subsidiaries and other	6,605	7,359
Profit from recurring operations before tax	6,010	7,560
Exceptional income/(expense)	-	-
Income tax income/(expense)	10	[399]
Net profit	6,020	7,161

CHANGE IN EQUITY

<i>(EUR millions - French accounting principles)</i>	Share capital and share premium	Other reserves and regulated provisions	Retained earnings	Interim dividends	Net profit	Total equity
As of December 31, 2014						
before appropriation of 2014 net profit	2,807	388	-	(627)	7,161	9,729
Appropriation of 2014 net profit	-	-	7,161	-	(7,161)	-
2014 dividend: final	-	-	(1,625)	627	-	(998)
Impact of treasury shares	-	-	18	-	-	18
Exercise of share subscription options	35	-	-	-	-	35
Retirement of LVMH shares	(111)	-	-	-	-	(111)
2015 interim dividend	-	-	-	(685)	-	(685)
Impact of treasury shares	-	-	-	6	-	6
Net profit for 2015	-	-	-	-	6,020	6,020
As of December 31, 2015	2,731	388	5,554	(679)	6,020	14,014

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